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Our Reporter On "Governments"

This should be one of our "in between" weeks, one of the increasingly infrequent periods of rest for the Government securities market. . . . The May financing is over. . . . Refunding of the HOLC 2¼s and RFC 1s is on the way, but that is a routine note issue and is worth only passing attention. . . . Another $2,000,000,000 cash borrowing also is pending, but that deal shouldn't come until after the agency refundings are taken care of. . . . In short, this week we can consider basic issues of portfolio policy and prepare for the huge operations to come. . . .

There are several considerations at this moment for any present and potential investor in Governments. . . . Here are a few:

(1) Signs are increasing all the time pointing toward an all-out, strong drive to maintain the long-term market on a 2½% or better—basis.

(2) This, however, is not true of the short-term market—at least, not to the same extent. . . . Although there's a ceiling of ⅜% on Treasury bills of three-months' maturity, and the Reserve Banks have been carrying on some operations in the short-term list, the main emphasis is on the longer-terms. . . .

(3) Supporting operations by the Reserve System and/or the Treasury are now an accepted part of Government financing policy for and after the duration. . . .

(4) The time-tested axiom of "liquidity" of investments for banks and similar institutions is being attacked on all sides and this may be expected to become an ever-increasing factor in portfolio policy. . . .

(5) The tax outlook makes a fully-invested position not only desirable but almost imperative. . . .

There are other points, of course, but these seem the most important for study at the moment. . . . Analyze the various factors as a whole and separately and what conclusions are you forced to? . . . Here are some:

(1) Stress yield, not maturity, these days and you'll come out of the war as well off or better than the institutions that stick by the old rules for protecting their deposits and resources. . . .

(2) Switch from your shortest-terms to longer-terms or intermediates and you'll be getting the best out of this war financing program. . . .

(3) Buy Governments on your own. . . . If you don't, there's a good chance you'll be "coaxed" into buying them by either private or public sources. . . .

(4) For a while, anyway, you need not worry about maintenance of the 2½% rate on loans. . . . If this rate can hold, it will be—by agencies more powerful than all the banks in the Nation put together. . . .

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See Page 2024 for special editorial by Horace Russell, General Counsel, United States Savings and Loan League, on Savings and Loan Associations.

OUR REPORTER'S REPORT

Evidently commercial bankers would welcome a definite move by the Treasury to outline for them a comprehensive part to be played in helping the Nation to finance its war program by direct investment of their resources.

Whether or not he spoke for the industry as a whole, or merely put forward his personal views as a banker, Adrian M. Massie, Vice-President of the New York Trust Company, undoubtedly echoed the sentiments of the banking fraternity the other day when he spoke before the New York State Bankers Association.

At that time he expressed the hope that the Treasury would "adopt a general pattern for the financing that will permit the banks to set up maturity schedules that will fit into a sound policy—say one to ten years."

He urged a program that "would induce wholehearted bank support and still leave the Treasury flexibility of action." Pointing out that financing would greatly increase the earning assets of the banks, he urged action to enable them to handle the expansion.

The Federal Reserve Board, in his belief, probably would have to make available a liberal amount of excess reserves by reducing bank reserve requirements and through the medium of open market purchases.

Banks' excess reserves, it will be recalled, have been subject to severe contraction over recent months largely as an outcome of Treasury operations.

Reshaping Portfolios

Another secondary distribution of substantial dimensions, the third to date this month, involving the outstanding 5% bonds, due 1960, of Western Union Telegraph

(Continued on page 2027)

Double Tax On Odd Lot Deals Ended In N. Y.

Schram Of N. Y. Exchange Commends Action

Governor Lehman on May 24 signed the bill eliminating double taxation of odd-lot transactions made on the organized security exchanges of New York State. In approving the measure, which goes into effect July 1 the Governor said that the State has "long been desirous of correcting this condition at the first practicable opportunity" and added that he was glad that conditions justify such action at this time.

This was the third successive year that the State Legislature had passed such a bill but on the two previous occasions the Governor vetoed them on the ground that the State's fiscal position did not warrant the loss of revenue.

In a statement issued May 25 commenting on the Governor's action, Emil Schram, President of New York Stock Exchange, said that the elimination of the double tax "is naturally gratifying to the Stock Exchange community" and asserted that "it is a measure of tax relief which long has been needed and from which investors will derive encouragement." His statement went on to say:

> It is to be hoped, now that the State's financial position has improved, that we can obtain additional relief in the next session of the Legislature. It is vitally necessary that such relief be granted in order to avert further damage to the general business economy of New York.
>
> As was pointed out at hearings in Albany recently, the stock transfer tax does not fall upon the New York Stock Exchange or its members, except to the limited extent to which individual members or firms may sell for their own account. The tax falls most heavily upon the hundreds of thousands of individuals who, each year, use the facilities of the New York Stock Exchange and of other markets in this State.
>
> Our securities houses have been steadily losing business as the result of lower stock transfer taxes in other States or the absence of any stock transfer taxes in many States where stock exchanges or other securities markets exist.
>
> It is by reason of the fact that the nation's principal securities markets are located in New York that this is the financial center of the country. The financial industry certainly is one of the most important—if not the most important—industry in this State. It is imperative, therefore, in the interest of all business in New York State, that the competitive disadvantages under which we are operating be removed as speedily as possible.
>
> One form of relief which is most urgently needed is the elimination of the emergency tax on stock transfers. This emergency tax, which doubled the normal stock transfer tax, first became effective in 1933. From the standpoint of revenue, the stock transfer tax has been increasingly disappointing to the State and this is due, in part at least, to the fact that is has had the effect of reducing market activity.
>
> For example, the stock transfer taxes yielded, in the fiscal year ending June 30, 1941, less than $12,000,000, as compared

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Traviss, Schofield Announce Retirement

TORONTO, CANADA—Traviss, Scholfield & Company, Limited, Bond Brokers, announce that they are retiring from business May 30.

James A. Traviss, President of the company, is going to devote his time to various industrial interests, principally The Eureka Planter Company, Limited, Woodstock, Ontario, of which he is President.

James A. Traviss

Major George P. Scholfield, Vice-President, has been overseas for the past two years, and Flight Lieut. W. D. Daly, Director of the company, is Adjutant at one of the Air Force Training Centres in Ontario.

The firm also have two traders in His Majesty's service—Lieut. John Andras, serving with the Navy, and Lieut. R. C. Hicks, overseas with the Royal Regiment of Canada.

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EASTERN SUGAR ASSOCIATES

In an article on "Eastern Sugar Associates" in last week's "Chronicle" it was stated that the "U. S. Government is negotiating for the purchase of some land owned by this company on an island off the East Coast of Porto Rico named Viequez, the land to be used in the expansion of our Porto Rican naval base." It was stated that if this transaction was effected the company may realize a cash price of $5,000,000 for the parcel sold. **This should have read $500,000.**

Open Drive To Acquaint "Professional" Investor With Investment Merit Of War Savings Bonds

An intensive drive to acquaint the so-called "professional" class of investor with the great advantages of War Savings Bonds from the strictly investment viewpoint is being inaugurated this week by a newly-formed investment bankers committee. One hundred and fifty leading security salesmen, contributing their time, will explain the Series F and G issues to the officials and higher-bracketed employes of upward of 700 corporations. If the effort in Manhattan shows the expected results, it will be extended throughout New York State and elsewhere.

The impression has been growing in many quarters that while the patriotic motivation for buying War Bonds is fully appreciated, there still is plenty of room for explaining their great merit as pure investment media. Thus, it is said, it probably is not sufficiently realized that the War Savings Bond—carrying the money-back option—actually is **"interest-bearing currency"**; that it is a fixed-interest security carrying full protection against a possible future rise in money-rates; that it is attractive as a replacement for low yield tax exempt issues in cases where there is no advantage to the holder—such as philanthropic institutions—in the tax exempt feature; and that Series G, redeemable at par upon the death of a trust beneficiary, is an ideal trust investment. Likewise unappreciated, in the emphasis on **"giving"** for the war effort, is the extent to which the yield of the War Savings Bonds—along with their valuable guarantee against market fluctuation—exceeds the market return currently available from other high grade bonds. For example, whereas the War Bonds yield 2½% and over, the return on Consolidated Gas of Baltimore 4½s of 1954 is but 2.30%, on Standard Oil (N. J.) Deb. 2¾s of 1953 2.26%, and on the Treasury 2¼s of 1953-51 only 1.68.

The new campaign, conducted by professionals in investment circles, will, it is hoped, go far in spreading the realization that in addition to the patriotic reasons, hard-boiled self-interest should prompt the purchase of War Bonds to the permissible annual limit. Following persistent pleas of past buyers, Secretary Morgenthau has just announced the raising of this limit from $50,000 to $100,000.

The members of the investment bankers committee, who are working in close cooperation with the Treasury War Savings Staff of New York State are: Irving Fish of Smith, Barney & Co., Albert H. Gordon of Kidder, Peabody & Co., James Coggeshall, Jr. of The First Boston Corp., Edward K. Van Horne of Stone & Webster and Blodget, Inc., Wright Duryea of Glore, Forgan & Co., Percy Stewart of Kuhn, Loeb & Co., Joseph H. King of Union Securities Corp., Sumner B. Emerson of Morgan Stanley & Co., Richard M. Newell of Dillon, Read & Co., Harry W. Beebe of Harriman Ripley & Co., Inc., James J. Lee of Lee Higginson Corp., George Leib of Blyth & Co., Inc., Charles F. Hazlewood of E. H. Rollins & Sons, Inc., and C. B. Stuart of Halsey Stuart & Co., Inc.

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NYSE Re-elects Adams Fisher and Coleman

The Board of Governors of the New York Stock Exchange, at its organization meeting on May 21 re-elected John A. Coleman as Vice-Chairman of the Board. Mr Coleman has been a Governor of the Exchange since May, 1938 and has served as Vice-Chairman since May, 1941. He is a partner of Adler, Coleman & Co., and has been a member of the Exchange since 1924.

Emil Schram, President of the Stock Exchange, announced that at the same meeting John Q Adams, Director of the Continental Illinois National Bank and Trust Co. of Chicago, and Robert V. Fleming, President and Chairman of the Board of the Riggs National Bank of Washington, D. C., were reelected as Public Governors of the Exchange. Mr. Adams and Mr. Fleming were elected to the Board of Governors as representatives of the public last February.

Wall St. Golf Ass'n To Hold Tournament

The Wall Street Golf Association will hold its 30th semi-annual tournament on Wednesday, June 17, at the Rockville Country Club, Rockville Center, Long Island, it was announced by Frank J. Trautwein, President. Gross entry fees will be given to the American Red Cross.

The tournament will be sponsored also by the New York Stock Exchange Golf Association, which, for the first time in 46 years will not hold a tournament, the Cashiers' Section of the Association of Stock Exchange Firms, and the Association of Customers' Brokers.

Emil Schram, President of the New York Stock Exchange, and Robert L. Stott, Chairman of the Board of Governors, will be guests of honor.

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Chicago Exch. Revises Program Due To War

Due to war conditions, the Board of Governors of the Chicago Stock Exchange announces the adoption of an inter-related program which may be briefly summarized as follows:

1. Authority was granted to the Executive Committee to purchase and resell at cost a limited number of seats. Seats thus acquired are to be kept "alive" (the authorized membership remaining at 300, as fixed by the Constitution).
2. Payments of death benefits from the Gratuity Fund were limited to the membership as of June 1, 1942.
3. The required contribution of $100 to the Gratuity Fund by each newly elected member was waived for the coming year. The assessment of $10 per member for each death were likewise waived.
4. Until further notice, the regular transfer fee of $500 was reduced to $250. Also appropriate reductions were made in other transfer fees.

The above actions, the Governors believe, are not inconsistent with the long term constructive program for the Exchange at present being developed with the cooperation of the Securities and Exchange Commission.

Gordon Crockett With B. V. Christie & Co.

HOUSTON, TEX.—A. Gordon Crockett became associated with B. V. Christie & Co., First National Bank Bldg., as manager of the corporate trading department.

Mr. Crockett has been active in Texas markets for several years, having handled trading activities for Milton R. Underwood & Co. for the past 2½ years and prior thereto holding a similar position with Moroney & Co. The termination of his association with Milton R. Underwood & Co. was brought about by suspension of business by that firm when Mr. Underwood was called to active duty as Captain in the Army Air Corps.

Wm. Knobloch Joins Henry Edelmann Co.

William A. Knobloch is now associated with Henry Edelmann & Co., 29 Broadway, New York City, in their trading department. Mr. Knobloch was formerly with Burr & Co., Inc., and prior thereto was in charge of trading for MacGuire & Co., and John E. Greenia & Co. In the past he was a partner in Wm. A. Knobloch & Co. and for many years was connected with Pyne, Kendall & Hollister.

David Littlejohn With Edward Brockhaus Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—David H. Littlejohn has become associated with Edward Brockhaus & Co., Union Trust Building. Mr. Littlejohn was formerly Vice-President of Bardes, Smith & Polito, Inc., and prior thereto was with L. W. Hoefinghoff & Co., Inc.

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Financial Librarians To Hold Conference

Graham Hutton, Director of the British Press Service Office in Chicago, and Stuart A. Rice, Assistant Director of the Budget Bureau of the Federal Government, are to be among the speakers on the program of the Financial Group during the Wartime Emergency Conference of the Special Libaries Association, to be held in Detroit June 18-20, it is announced by Marion E. Wells, Chairman of the Financial Group. The Special Libraries Association is an international organization consisting of over 2,600 librarians and research workers in specialized fields and the Financial Group is the section devoted to the interests of librarians in banks, bankers' associations, accounting houses, brokerage houses and schools of commerce and finance of various universities.

Working conferences and business sessions will occupy the three days of the conference. Guest speakers at the Conference besides Messrs, Hutton and Rice will include Arthur Maxson Smith, staff writer of the "Detroit News"; Edward J. Jeffries, Jr., Mayor of Detroit; Paul J. Martin, member of the Canadian Parliament from Windsor, Ontario.

Miss Marion E. Wells, Librarian of the First National Bank of Chicago, Chicago, Illinois, is Chairman of the Financial Group; Miss Anne Mendel, Librarian of the Bank of the Manhattan Company, New York. N. Y., is Vice-Chairman, and Miss Ruth Miller, Librarian of the Central Hanover Bank and Trust Company, New York, N. Y., is Secretary.

In The Armed Forces

Wesley Behel, partner in Behel, Johnsen & Co., Inc., 29 South La Salle Street, Chicago, Ill., since its formation in 1924, is on leave of absence from the firm for the duration of the war. Mr. Behel has received a commission as major in the United States Army Corps.

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Newburger & Hano Is To Be Formed June 1

Effective June 1, the Philadelphia partners of Newburger, Loeb & Co. and the members of Content, Hano & Co., Philadelphia, will join to form Newburger & Hano. Content, Hano & Co. is dissolving. The firm of Newburger, Loeb & Co. will continue as in the past with offices at 40 Wall Street, New York City.

The new firm will have an enlarged bond department and will have several memberships on the New York and Philadelphia Stock Exchanges, with correspondents in many of the important financial centers. The new firm will have its main office at 1419 Walnut Street, Philadelphia, with branch offices at 39 Broadway, New York City, Calvert Building, Baltimore, Farmers Trust Building, Lebanon, Pa., Broad Street and Erie Avenue, Philadelphia, and Central Pier, Atlantic City, N. J.

Partners of the new organization will be Lester E. Degenstein, Leonard B. Geis, Harry Grabosky, member of the New York Stock Exchange, Lester Hano, Frank L. Newburger, Jr., member of the Philadelphia Stock Exchange, Manfred L. Neumoegen, New York Exchange member, John Small, H. Bertram Smith, Irvin L. Stone, general partners, Nathan Hamburger, Henry E. Gertsley, Samuel M. Goldsmith, Frank L. Newburger, Sr., Philadelphia Exchange member, and Richard L. Newburger, limited partners. Messrs. Grabosky, Neumoegen, Small and Smith will make their headquarters in the firm's New York office. All the partners of Newburger & Hano have been in the bond and security business for many years.

Content, Hano & Co. was formed in 1941 as successor to Hano & Co.; Newburger, Loeb & Co. is the successor to Newburger, Henderson & Loeb, formed in 1898.

H. A. Mendell Is Now With Luckhurst & Co.

Herbert A. Mendell has joined the trading department of Luckhurst & Co., Inc., 60 Broad Street, New York City, where he will specialize in aviation and air line securities. Mr. Mendell was formerly in charge of aviation securities at Kobbe, Gearhart & Co. and F. M. Mayer. Prior thereto for a number of years he conducted his own investment business in New York City under the firm name of H. A. Mendell Co.

D. V. Macpherson With Paine-Webber In Htfd.

(Special to The Financial Chronicle)

HARTFORD, CONN.—Douglas V. Macpherson has become associated with Paine, Webber & Co., 49 Pearl Street. Mr. Macpherson was in the past Vice-President of Schlater, Noyes & Gardner, Inc., was Vice-President and manager of the municipal department of Burr & Co., Inc., was with Straus Securities Co., Inc., and was an officer of Bancamerica-Blair Corporation.

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Orders Action Against Dealers Not Revealing To Customers Exact Status Of Transaction

Attorney General John J. Bennett, Jr., has issued orders that prompt action must be taken against all securities dealers and brokers who fail to inform customers of the exact status that exists between them, and who fail to list clearly the commission of the broker and the profit of the dealer in the purchase and sale of listed securities, so that the purchaser will know the true and complete charges made to him in the transaction.

Mr. Bennett's orders were contained in a memorandum to Ambrose V. McCall, Assistant Attorney General in charge of the Bureau of Securities.

The Attorney General said that several recent investigations emphasized the fact that dealers and brokers have not adhered to those distinctions covering their respective relationships to clients and that it was conceivable that a customer could be charged two separate dealer profits when led to believe he was paying a broker's commission to execute a market order.

"Incredible as it may seem," said Mr. Bennett, "these investigations have indicated to me the present necessity of again defining the respective duties of brokers and dealers.

"A broker is an agent who has a fiduciary relationship to his client. He is under the legal and moral obligation to obtain for his client the best available price. He can make no secret or hidden profit for himself no matter how small it might be. A breach of his duty in this regard is not only a fraud on his customer but may also be a crime.

"A dealer, on the other hand, is a retailer, a merchant of securities. It is to be assumed that he can, and will, make for himself a profit on a security transaction commensurate with his individual efforts and financial risk but, of course, in accordance with the general principles of common honesty.

"These recent investigations have indicated a general tendency in the security business to eliminate these distinctions between brokers and dealers. In other words, dealers have purported to act as brokers when they, in fact were dealers; on the other hand, brokers, or those who hold themselves out as brokers, have in fact acted as dealers. There are indications that this practice has become so widespread that the matter is now of grave concern."

After citing one instance where dealers' profit on a transaction amounted to as much as 12% of the total sum involved, Mr. Bennett said:

"You are hereby instructed to notify all offices of the Bureau that, in the conduct of future security investigations, they are to pay particular attention—

First—To the nature of the representations made by the dealer or broker to the customer at the inception of each transaction regarding the true status between them; and

Second—To caution them to be sure that, in the purchase and sale of listed securities, either stocks or bonds, the commission of the broker and the profit of the dealer have been clearly and separately noted in such a manner as properly to inform the purchaser of the true and complete charges made to him.

"In the event that any of the objectionable practices are found in the various localities, the Assistants must take immediate action and notify the New York City Office at once."

Paine-Webber Merge With Jackson-Curtis

Two prominent investment and brokerage firms, each with a record of more than 60 years' service, are planning to merge on or about July 1, 1942. The firms are Jackson & Curtis, established in 1879, and Paine, Webber & Co., founded in 1880. The new firm name would be Paine, Webber, Jackson & Curtis.

In making the announcement it was pointed out that the proposed merger would unite two long-established firms with similar backgrounds, both of which occupy positions of leadership in their field. Both Paine, Webber & Co. and Jackson & Curtis were first established in Boston. Both have grown into large national organizations doing substantially the same types of investment banking and brokerage business, with memberships in all the principal stock and commodity exchanges.

In addition to Boston, both firms maintain offices in New York, Chicago, Philadelphia, Cleveland, Providence and Springfield, Mass. Paine, Webber & Co. has other offices in Concord, N. H., Detroit, Duluth, Grand Rapids, Hartford, Conn., Houghton, Mich., Milwaukee, Minneapolis, New Haven, St. Paul and Worcester, Mass. Jackson & Curtis also has offices in Akron, Elmira, Ithaca and Lynn, Mass.

The two firms are among the few investment houses in this country which have had a continuous existence of more than 60 years under the same name and without a break in the continuity of management. Jackson & Curtis was established by Charles S. Jackson, Laurence Curtis and Frank Jackson and in the following year William A. Paine and Wallace G. Webber founded the partnership which became Paine, Webber & Co. upon the admission of Charles H. Paine in 1881.

Both firms became members of the Boston Stock Exchange at the outset, subsequently becoming members of the New York Stock Exchange and other stock and commodity markets. In addition to the brokerage business, both firms have become prominent in the underwriting and distribution of securities and the trading of unlisted securities.

It is expected that all present partners of both firms will join the new partnership to be formed as a result of the proposed merger.

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Phila. Municipal Club Elects New Officers

PHILADELPHIA, PA. — The Municipal Bond Club of Philadelphia elected Eugene Arnold, Harriman Ripley & Co., President for the coming year to succeed A. Webster Dougherty, Dougherty, Corkran & Co.

Walter Schmidt, Schmidt, Poole & Co., was named Vice-President; Edward Abele, Rambo, Keen, Close & Kerner, Secretary, and Walter Schumann, Dolphin & Co., Treasurer.

Emerson Ayars, W. H. Newbold's Son & Co., was elected to the board of governors for a one year term, and Walter D. Fixter, Buckley Bros., and Herbert V. D. Gallager, Yarnall & Co., for two year terms.

Barbour Co. Formed

(Special to The Financial Chronicle)

PASADENA, CALIF. — John Menzies Barbour has formed John M. Barbour & Co. with offices in the Citizens Trust & Savings Bank Building, to conduct a general securities business. Mr. Barbour was formerly with Merrill Lynch, Pierce, Fenner & Beane, R. N. Gregory & Co., Wm. Cavalier & Co., and was with E. H. Rollins & Sons, Inc.

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Orin I. Newton With Brailsford, Rodger

(Special to The Financial Chronicle)

CHICAGO, ILL.—Orin I. Newton has become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Newton was recently with Paul H. Davis & Co. and Mason, Moran & Co.

Prenosil On War Work At Treasury Department

W. C. Langley & Co., 115 Broadway, New York City, announce that Stanley W. Prenosil, who has been associated with the firm for the past seven years, has been granted an indefinite leave of absence to undertake war work at the Treasury Department in Washington, D. C. Before engaging in the brokerage business, Mr. Prenosil was for eight years financial editor of the Associated Press in charge of its Wall Street bureau. During the first World War, Mr. Prenosil went overseas with the First Division as a war correspondent for the Associated Press.

M. Mathews With Fuller

(Special to The Financial Chronicle)

CHICAGO, ILL. — Murray C. Mathews has become associated with Fuller, Cruttenden & Co., 209 South La Salle Street, members of the Chicago Stock Exchange.

H. Mathews At Kneeland

(Special to The Financial Chronicle)

CHICAGO, ILL. — Henry T. Mathews has become associated with Kneeland & Co., Inc., Board of Trade Building. Mr. Mathews was recently with H. J. Beall & Co. and in the trading department of Straus Securities Co.

DETROIT

LISTED AND UNLISTED SECURITIES

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THE BOND SELECTOR

AMERICAN GAS & POWER COMPANY

Secured Debentures Offer Attractive Yield

There are two issues of the secured debentures of American Gas & Power Company having the same investment status, both of which are traded over the counter. These bonds bear interest, both fixed and conditional, the latter portion depending upon earnings. The two issues are the 3-5s and the 3.6-6s, both due Aug. 1, 1953. The conditional interest on the 3-5s is 2% and on the 3.6-6s is 2.4%; if both fixed and conditional interest were continuously paid, consequently, the bonds would be 5s and 6s, respectively. However, conditional interest is payable only from one-third of annual net earnings after depreciation, fixed interest and income taxes, but is cumulative.

Current quotations on the 3-5s are 53½-54½, and on the 3.6-6s are 57½-59. Fixed interest has been earned in every year since the reorganization in 1935, and in recent years fixed interest coverage has widened considerably. On Aug. 1 coupons this year there will be paid fixed and conditional interest of $23.80 on the 3-5s and $28.32 on the 3.6-6s, per $1,000 principal amount held.

American Gas & Power is a holding company whose subsidiaries and affiliates supply manufactured and mixed gas over scattered sections of the country. The largest of the operating companies is Minneapolis Gas Light Company which supplies gas in Minneapolis and suburbs. Next in importance is Birmingham Gas Company which supplies gas to Birmingham, Alabama, serving a population of approximately 465,000. Savannah Gas Company supplies gas to Savannah, Georgia, and one other community with a total population of about 100,000. Other subsidiaries and affiliates are Bangor Gas Company, St. Augustine Gas Company, Jacksonville Gas Company and Lowell Gas Light Company. These properties are located in such widely scattered States as Maine, Massachusetts, Minnesota, Georgia, Alabama and Florida.

The 3-5s are outstanding in the amount of $6,114,500 and the 3.6-6s in the amount of $4,213,500, for a total funded debt of $10,328,000. In addition, there are certificates of indebtedness totaling $1,682,774, $1,615,123 of which is due Minneapolis Gas Light Company. Accrued conditional interest on the outstanding debentures is $1,459,206. The debentures are secured by pledge of the entire common stock, except directors' qualifying shares, of Minneapolis Gas Light, Bangor Gas Company, Savannah Gas and St. Augustine Gas, and by 139,993 shares of Birmingham Gas Co. Also pledged is the demand note of American Utilities Associates, elsewhere referred to, which in turn is secured by 58,199 shares of Lowell Gas Light Co.

In order to integrate its system, American Gas & Power has had in mind for some time the sale of its New England properties. It has been difficult to dispose of these subsidiaries at a fair price, according to the management. Simplification of the capital structures of the operating companies has been in progress for several years. In 1941, as an example, Bangor Gas Company was formed as a merger of the Bangor Gas Light Company and Penobscot Valley Gas Corporation.

During 1941, earnings of American Gas & Power Company, the parent company, contracted somewhat from the previous year since dividends from subsidiaries were lower due to an inordinate amount of outlays for capital expenditures in connection with expanded operations occasioned by the war, and by reduced earnings as a result of higher costs. Gross income in the form of dividends and interest from subsidiaries and affiliates totaled $691,813 in 1941 compared with $853,928 in 1940, a decrease of 19%. Fixed interest requirements on the secured debentures were earned 1.94 times compared with 2.37 times in 1940, and 3.07% was earned on the principal amount of funded debt outstanding by way of conditional interest; in 1940 the figure was 4.48%.

Principal sources of revenue for the parent, American Gas & Power, are Minneapolis Gas Light, wholly-owned, which paid dividends in 1941 to American Gas & Power of $495,000, Savannah Gas Company, which paid dividends of $84,000, and Birmingham Gas which paid dividends of $36,000. St. Augustine paid $11,000, and Bangor and Jacksonville Gas paid nothing. The latter company, incidentally, will be forced to reorganize shortly, since the company's first mortgage bonds which mature June 1 will not be paid nor can they be refunded. This, however, will have no effect upon American Gas & Power, since no earnings have been forthcoming for many years and its holdings of the company's common stock are carried on the balance sheet at $108. Principal source of interest payments from year to year is American Utilities Associates, whose note American Gas & Power holds and carries at $2,097,000. This Massachusetts trust holds 58,861 shares of Lowell Gas Light Company stock which are pledged behind these notes. In 1941, American Gas & Power received $56,000 interest from this source and in 1940, $103,861.

Obviously, the most important operating property is Minneapolis Gas Light, and upon the profitable operation of this subsidiary will depend in greatest measure the earnings of American Gas & Power. In 1941, operating revenues of Minneapolis Gas were $6,244,000 compared with $5,886,000 in 1940, an increase of 6.1%; however, operating costs and especially taxes showed a larger increase, in total amounting to 12.5%, so that net operating revenues of $1,332,000 were somewhat less than the $1,518,000 reported for 1940. Net income for the year, before preferred dividends and payments on account of participation units, was $765,388 compared with $950,947 in 1940, a reduction of 19%. Net available for payment of dividends to American Gas & Power was $452,923, against $635,345 in 1940.

With further reference to Minneapolis Gas Light, the annual report of American Gas & Power states, "At the beginning of 1941, the company had accumulated net earnings in excess of the 'allowable return' agreed upon in connection with the extended franchise and rate agreement. Rates were set in January, 1941, estimated to return the excess to customers during the calendar year. However, a rapid rise in living costs made it advisable in September to adjust the compensation of all except the more highly paid employees, and an unforeseen rise in taxes further depressed the expected earnings with the result that the cumulative earnings were less than the 'allowable return' by the end of the year, and rates were therefore increased 2¢ per thousand (cubic feet) in January, 1942." It is understood that this increase did not apply to gas used for heating.

The outlook for 1942, as with all public utility companies, is for an increase in costs all along the line. It is believed, however, that the construction necessary in 1941 will take care of current demand and thus such cash outlays ($1,874,000 in 1941) will not be so heavy in 1942. The rate increase granted to Minneapolis Gas Light should take care of the bulk of rising costs except higher taxes, and increased meter installations should tend to level off earnings to about the 1941 level. Consequently, earnings of American Gas & Power should be ample to report fixed interest coverage of at least 1.75 times, with conditional interest of 2.50% available.

In Armed Forces

Laurence B. Carroll, Assistant Secretary of Prescott, Wright, Snider Co., 918 Baltimore Avenue, Kansas City, Mo., has been commissioned a First Lieutenant in the U. S. Army Air Corps and reported for active duty on May 26.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Carl Conrad Carlson** is with **Goldman, Sachs & Co.,** 30 Pine St.

(Special to The Financial Chronicle)

BRIDGEPORT, CONN.—**James J. Rooney** has been added to the staff of **W. R. Bull & Co., Inc.,** 207 State St. Mr. Rooney was previously with Hegeman & Co. of Stamford.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Robert D. Walker** has become connected with **Leason & Co., Inc.,** 39 South La Salle St. Mr. Walker was formerly with J. H. Beall & Co. and Paul H. Davis & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Roswell C. Bogue** has become associated with **Allman, Everham & Co.,** Penobscot building. Mr. Bogue was previously with Smith, Hague & Co., Humphries, Angstrom & Co., and prior thereto with Straus Securities Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Carl D. Jackson** and **Miley V. Mills** have become associated with **Johnston Company, Incorporated,** of Hollywood, Calif. Both were previously with Empire Securities Corporation, of which Mr. Jackson was Sales Manager.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William S. Wells,** formerly with Blyth & Co., Inc., has joined the staff of **Wyeth & Co.,** 647 South Spring St.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA. — **George K. Symons** has become affiliated with **Cohu & Torrey,** Walgreen Building. Mr. Symons was formerly St. Petersburg representative for Corrigan, Miller & Co., and in the past was in business for himself in New York City.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **James R. Downing** has been added to the staff of **H. R. Baker & Co.,** Russ Building. Mr. Downing was previously with Bankamerica Company.

Bert L. Hames Joins Conrad, Bruce & Co.

LOS ANGELES, CALIF.—Conrad, Bruce & Co., 530 West Sixth Street, announces that Bert L. Hames has become associated with them in charge of municipal and institutional accounts. Mr. Hames has been in the securities business in Southern California for many years. He was recently with Schwabacher & Co., prior thereto was an officer of Banks, Huntley & Co., was with E. H. Rollins & Sons, Inc., in charge of the municipal department in Los Angeles, and for many years was president of his own firm, B. L. Hames & Co. and its successor, B. L. Hames & Co., Ltd.

Oscar H. Riggs To Be A. M. Kidder Partner

Oscar H. Riggs will be admitted on June 1 to partnership in A. M. Kidder & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading national Exchanges. Mr. Riggs was formerly a partner in Faroll Brothers, was with Federman & Filston and Vercoe & Co., and in the past was a partner in Frazier Jelke & Co.

Henry Guttag Now With Gutenstein & Lasdon

Henry Guttag is now associated with the New York Stock Exchange firm of Gutenstein & Lasdon, 25 Broad Street, New York City. Mr. Guttag had conducted his own investment business, specializing in foreign and domestic securities, since 1904.

MUNICIPAL
RAILROAD
PUBLIC UTILITY
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SECURITIES

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Tomorrow's Markets Walter Whyte Says—

Peace cries subside. Market sells off, but meets support. Resistance zone immediately ahead may check advance. Think rally will come in immediate future without intervening sharp reaction. Hold all positions.

By WALTER WHYTE

Now that the peace talk which swept Wall Street last week, has been scotched, the market, no longer excited by "coming events," has gone back to sleep again. For the time being there is little news to keep the customers room chatterboxes from sounding off. The tax developments are temporarily relegated to the master minds in the House Ways and Means Committee, and off the front pages, though you can be certain they'll come up again. This leaves the war, particularly the battle around Kharkov and Libya, as the only exiting pieces of news to take up the page ones of the country.

* * *

Both taxes and the war are matters of extreme importance. Both pack a terrific wallop. But because so few people know what is going on they keep the "experts" busy analyzing them in print and on the radio. The lack of dynamic news would be all to the good on the theory that no news is good news, if it found the market in a less vulnerable position. Unfortunately we can't choose the kind of markets we want. We just get them and we either take them as they are or leave them alone.

* * *

A few weeks ago—the week of May 2-9, to be exact—prices began creeping up. From the 9th of May to about the 12th of May they sagged off. It was on this down drift that stocks were recommended here. The following week, May 16, stocks rallied again, the rally coming in the latter part of that week. Right away the stories of an immediate, or at least a nearby, peace began sweeping the Street like wildfire. I had no way of checking these rumors; the more I tried, the more mixed up I got. One market letter writer announced ". . . far seeing capital . . . began to indicate some months ago that the time to own shares of companies directly tied up with the war effort had passed." He further went on to describe what he called "smart money" as being no longer interested in war stocks; only "peace" stocks. I, in common with the average person who get all befuddled with Wall Street rumors and counter-rumors, was completely at sea. All I knew was that the market was acing well. The reason was a deep mystery to me. And the reasons I heard were just so much bellywash. They were not reasons. They were excuses. Since last week the peace whispers have died aborning and the market, no longer fed by rumors, began sagging again. So much for that.

* * *

In last week's article you were warned that a set back of some kind was in the wind. This warning was not based on any so-called inside information. It was based on the technical structure of the market itself. For in having rallied two times from May 9 to about May 23, the market had established what to me looked like a zone of resistance. And unless a dynamic piece of good news came along to give it impetus, the market would back off. Up to this writing that is just what happened.

* * *

One school of market theory now propounds the thought that for the market to get anywhere on the up

(Continued on page 2028)

Guaranteed Railroad Stocks

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Latin Am. Bonds Good

At a time when most securities markets have been declining, it is interesting to note, a memorandum issued by Distributors Group, Inc., 63 Wall Street, New York City, states that from June 30, 1940 to March 31, 1942 a diversified list of Latin American bonds has advanced 66.8%, while the Dow-Jones Industrial Stock Index has declined 22.8%. The war has given impetus to Latin American trade and has a favorable effect on foreign exchange balances, with the result that South and Central American bonds are now in an attractive position as to intrinsic value and market price, with strong possibilities of appreciation, according to Distributors Group.

One of the largest holders of a diversified portfolio of Latin American dollar bonds in the United States is an investment company of the "mutual Fund" type, American Foreign Investing Corporation, the memorandum continues; this company trades actively in foreign bonds, taking advantage of the wide discrepancies frequently existing between market prices and intrinsic values, and has paid dividends regularly since its incorporation. With the exceptionally favorable conditions now in prospect for the type of investments in which this fund specializes, the memorandum states, it appears most attractive for current return and appreciation possibilities.

Stop-Out Values in
Defaulted Railroad Bonds

Circular on Request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Early last week the railroad market demonstrated its vulnerability to a peace psychology. The extreme war optimism was short lived, and definitely put to rout by the President's cautionary counsel in his Friday press conference. Nevertheless, there is no gainsaying the fact, regardless of the duration of the war, the passage of each day brings the end closer. This factor will, in all likelihood, be accorded progressively greater investor consideration as the summer wears away, particularly if the news from the Russian front continues favorable. With this in mind, many railroad analysts have been combing the list in search of the probable greatest peace beneficiaries among the rails.

Aside from the reorganization roads, which are affected by individual reorganization progress, the natural focal point of such studies has been Chesapeake & Ohio. This road with its strong dependence on bituminous coal, is hailed as being relatively invulnerable to the increased highway and air transport competition visualized after the war. At the same time, it is assumed that the company's heavy tax burden will be relieved when peace comes.

Chesapeake & Ohio is one of the few carriers seriously affected by excess profits taxes, and these levies presumably will lapse. As the stock has been under severe pressure because of its tax vulnerability, it is logical to expect that the pressure will be relieved when the tax is lifted, particularly as there is no reason to anticipate any post-war traffic difficulties. This optimism is being translated into a more constructive attitude towards the bonds of Alleghany Corporation which are secured mainly by pledge of Chesapeake & Ohio stock.

Alleghany Corporation holds 1,789,200 shares of Chesapeake & Ohio common, in addition to miscellaneous assets, largely tied up in the Missouri Pacific picture, the ultimate salvage value of which can not now be judged. Even if the miscellaneous assets were eliminated entirely (and some of them have substantial intrinsic worth) the recent value of the Chesapeake & Ohio stock, plus cash impounded as of May 1, would be equivalent to more than 80% of the face value of all Alleghany Corporation bonds outstanding. This is well above the aggregate market value of Alleghany bonds outstanding.

It would take an annual dividend of only $2.25 a share on Chesapeake & Ohio stock to cover Alleghany's entire annual interest requirements, plus estimated taxes and expenses. In comparison, Chesapeake & Ohio is currently on an annual regular dividend basis of $3.00 a share (three of the 1942 quarterly disbursements already have been made or declared) and should be able to report earnings in excess of this amount even under the severe excess profits tax provisions now under consideration. Not in any year of the depression decade did Chesapeake & Ohio's earnings drop as low as $2.50 and in only one year, 1938, did per share results dip below $3.00. The overall Alleghany picture, therefore, is considered eminently secure, with prospects of betterment when the war ends and the excess profits tax is eliminated.

Aside from benefits to be derived from developments in the Chesapeake & Ohio picture, there has been consistent improvement in Alleghany's internal structure. This is expected to continue, perhaps at an accelerated pace. The company has been using excess cash earnings for bond retirements. A total of $8,080,000 face value of bonds was purchased and retired in the four years through 1941, with the tempo increased rapidly from 1939 to the peak retirement of $3,806,000 last year.

Impounded cash as of May 1, 1942 amounted to $4,547,241. Assuming continuation of the $3.00 Chesapeake & Ohio dividend, there should be approximately $1,400,000 released from 1942 earnings after payment of interest and all expenses. As the various series of Alleghany bonds cur-

(Continued on page 2024)

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(When Issued)

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Advertiser former cashier for New York Stock Exchange firm would like to hear from Over-the-Counter or Member firms interested in obtaining the services of accountant and bookkeeper on part time basis. Can be helpful on tax work. Will gladly call to discuss matter. Please address Box S 26, The Financial Chronicle, 25 Spruce Street, New York, N. Y.

Interesting For Retail

According to a circular issued by Charles King & Co., 61 Broadway, New York City, the 5s of the Brown Company, due in 1949, offer a particularly attractive situation at this time, especially for retail distributors. Copies of the circular which describes the situation in detail may be had from Charles King & Co. upon request.

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DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND **NUMBER 25**

At a meeting of the Board of Directors held May 25, 1942, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable August 1, 1942, to stockholders of record at the close of business July 6, 1942. Checks will be mailed.

W. M. O'CONNOR
Secretary

May 25, 1942

Allied Chemical & Dye Corporation

61 Broadway, New York

May 26, 1942

Allied Chemical & Dye Corporation has declared quarterly dividend No. 85 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable June 20, 1942, to common stockholders of record at the close of business June 5, 1942.

W. C. KING, *Secretary*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY

Dividend No. 40

A dividend of twenty-five cents ($0.25) per share will be paid on June 13, 1942, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business May 29, 1942. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary.

Boston, May 20, 1942.

E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *May 18, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 25, 1942, to stockholders of record at the close of business on July 10, 1942; also $1.00 a share, as the second "interim" dividend for 1942, on the outstanding Common Stock, payable June 13, 1942, to stockholders of record at the close of business on May 25, 1942.

W. F. RASKOB, *Secretary*

ELECTRIC BOAT COMPANY

33 Pine Street
New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 10, 1942, to stockholders of record at the close of business May 27, 1942.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. A. G. TAYLOR, Treasurer

May 15, 1942.

Electric Power & Light Corporation

Dividends on
$6 Preferred Stock & $7 Preferred Stock

At a meeting of the Board of Directors of Electric Power & Light Corporation held on May 26, 1942, a dividend of 30 Cents per share was declared on the $6 Preferred Stock and 35 Cents per share on the $7 Preferred Stock of the Corporation for payment July 1, 1942, to stockholders of record at the close of business June 5, 1942.

E. H. DIXON, Treasurer.

THE ELECTRIC STORAGE BATTERY CO.

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1942, to stockholders of record at the close of business on June 9, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, May 15, 1942.

A. HOLLANDER & SON, INC.

Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable June 15, 1942, to stockholders of record at the close of business on June 5, 1942.
Checks will be mailed.

ALBERT J. FELDMAN, Sec.

Newark, N. J.
May 25, 1942.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable July 15, 1942 to all holders of record at the close of business on June 20, 1942.

SANFORD B. WHITE, Secretary.

DIVIDEND NOTICES

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, $4.25 Series of 1935, Dividend

A quarterly dividend of $1.06¼ on the Convertible Preference Stock, $4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable July 1, 1942, to stockholders of record at the close of business June 10, 1942. The transfer books will not close. Checks will be mailed.

Common Stock, Dividend

A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable July 1, 1942, to stockholders of record at the close of business June 10, 1942. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer*

May 26, 1942.

Johns-Manville Corporation

DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock, payable July 1, 1942, to holders of record on June 17, 1942, and a dividend of 50c per share on the Common Stock, payable June 24, 1942 to holders of record on June 10, 1942.

J. L. PICHETTO, ***Assistant Treasurer***

KANSAS CITY POWER & LIGHT COMPANY

First Preferred, Series B. **Dividend No. 62**
Kansas City, Missouri. **May 20, 1942.**

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B," Stock of the Kansas City Power & Light Company has been declared payable July 1, 1942, to stockholders of record at the close of business June 13, 1942.

All persons holding stock of the company are requested to transfer on or before June 13, 1942, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

UNION CARBIDE AND CARBON CORPORATION

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable July 1, 1942, to stockholders of record at the close of business June 5, 1942.

ROBERT W. WHITE, Vice-President

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 10 cents** a share on Common Stock have been declared, payable June 30, 1942, to respective holders of record May 29, 1942.

THE UNITED GAS IMPROVEMENT CO.

I. W. MORRIS Treasurer

April 28, 1942 Philadelphia, Pa.

AMERICAN POWER & LIGHT CO.

Two Rector Street, New York, N. Y.

PREFERRED STOCK DIVIDENDS

A dividend of $.75 per share on the Preferred Stock ($6) and a dividend of $.62½ per share on the $5 Preferred Stock of American Power & Light Company were declared on May 27, 1942, for payment July 1, 1942, to stockholders of record at the close of business June 9, 1942. These amounts are one-half of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

INTERNATIONAL SALT COMPANY

475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable July 1, 1942, to stockholders of record at the close of business on June 15, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

AMERICAN CAN COMPANY

PREFERRED STOCK

On May 26th, 1942, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 1st, 1942, to Stockholders of record at the close of business June 17th, 1942. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

Bank and Insurance Stocks

This Week—Insurance Stocks

A recurring question among dealers and investors in insurance stocks currently is the effect of curtailment of automobile insurance and of high ocean marine losses on particular insurance stocks.

Should, for example, one stock be sold and another be bought because Company "A" wrote 25% of its 1941 volume in ocean marine coverage, whereas Company "B" wrote 10%? Or because Company "A" wrote a larger volume of automobile insurance?

The danger of jumping to conclusions about the effect of concededly high ocean marine losses is indicated in a letter which the Boston Insurance Company recently mailed to its stockholders. Marine losses sustained by the Boston and its running mate, the Old Colony, so far in 1942 approximate $800,000, a figure which exceeds by about $150,000 all of the profits realized on marine writings for the three years ending with 1941.

These are admittedly sustantial losses, but there is no reason to conclude that Boston and its running mate are tied down irrevocably to this high loss situation. The parent company wrote $1,587,000 in ocean marine for 1941, or 25% of premium volume; but at the close of 1941 reported aggregate outstanding net ocean marine premiums in force of only $906,000, or 9% of total outstanding premiums. The Old Colony wrote $479,000 in ocean marine premiums for 1941, or 23% of net premium volume, and at the close of 1941 had $254,000 ocean marine premiums in force, or 7% of total premiums in force.

Therfore, both the Boston and the Old Colony are in a position to reduce these losses by immediate steps. War risk coverage on American hulls, the crucial line which has caused substantial losses, has now been very largely taken over (reinsured) by the Government, and future writings by the Boston and its running mate, and other private companies, of this line will be small or none.

With ship sinkings reportedly at the rate of more than a ship a day, the House of Representatives at this writing has passed a resolution increasing by $210,000,000 the original $40,000,000 marine and war risk insurance fund of the War Shipping Administration. This fund is designed to take over war risk coverage from private companies, as merchant ship losses have increased so rapidly that private companies cannot afford to write this type of business.

Indicating the extent to which the Government has taken over war risk marine coverage, the outstanding risks covered by the Government fund amounted to $14,000,000 Dec. 31, 1941. Since that date, however, the fund's volume of risks covered has risen to $872,000,000 and is expected to reach the $1,000,000,000 level in the near future.

However, private companies continue to write cargo insurance, on which the experience is totally different from war risk insurance. The role of the Government is not to supplant direct writers of cargo insurance, but merely to afford reinsurance facilities if needed. On this type of coverage, the hazard has also increased substantially, but by advancing rates commensurate with the increased hazard, the companies have been able to show a profit on this type of marine business.

The Boston and the Old Colony continue to write cargo insurance, which to date has shown a profit and on which the rates have been adjusted upward to reflect the increased risk of loss.

To summarize, then, on ocean marine volume: (1) The business is not written for long terms, such as on fire policies, thus enabling the companies to have a rapid run-off of high loss business; (2) Reinsurance also helps the companies to minimize its effect; (3) There is a basic difference between cargo insurance, which has continued profitable, and war risk insurance on hulls, which is a prohibitively high loss line in wartime and properly belongs under Government auspices.

Automobile volume, it has been estimated by Best's, totaled $750,000,000 out of a grand total of more than $2,500,000,000 fire and casualty insurance written in 1941, or 25% of fire companies' premium volume and over 33% of stock and mutual casualty business. Of this total volume, stock companies alone write an estimated $500,000,000, of which $350,000,000 is casualty business and $150,000,000 is fire.

Two factors adversely affect automobile volume: (1) Cessation

(Continued on page 2023)

Central-Penn National Bank
Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Phila. Transportation Co.
3-6s 2039, Pfd. & Common

H. N. NASH & CO.

1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
Teletype PH 257

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 ....£150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF

NEW ORLEANS, TEXAS AND MEXICO RAILWAY COMPANY

FIRST MORTGAGE AND INCOME BONDS.

Payment equal to two six months' interest accumulations to the holders of New Orleans, Texas & Mexico Railway Company Bearer and Registered Bonds, in the aggregate amount of $2,233,350.00, has been authorized by Order No. 2050, entered April 29, 1942, as amended by Order No. 2050-A, entered May 18, 1942, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

(a) for two six months' periods ended, respectively, April 1, 1937 and October 1, 1937 on First Mortgage Series A and B Bonds,
(b) for two six months' periods ended, respectively, August 1, 1937 and February 1, 1938 on First Mortgage Series C and D Bonds, and
(c) for two six months' periods ended, respectively, April 1, 1940 and October 1, 1940 on Non-Cumulative Income Bonds.

In pursuance of said Court Order said payment is to be made to said bondholders on and after May 29, 1942, and shall be received and accepted by them subject to the provisions and conditions of said Order. Holder of said Bonds must obtain from the undersigned, address Missouri Pacific Building, St. Louis, Missouri, or from J. P. Morgan & Co. Incorporated, New York City, Paying Agent, a form of letter for transmitting to said Paying Agent, direct or through local banks, at holder's risk, (a) the Coupons numbered, respectively, 26/27, 26/27, 22/23 and 19/20, detached from First Mortgage Bearer Bonds, and, also, from Bonds registered as to principal only, of the aforesaid Series A, B, C and D, and (b) the Fully Registered First Mortgage Bonds of said Series and, also, the Non-Cumulative Income Bonds with all unused coupons attached. A separate income tax ownership certificate for the aggregate interest to be received under each maturity, as indicated above, and, more particularly indicated in the required Letter of Transmittal, should be forwarded with the Coupons or Bonds presented. Said Paying Agent will (1) return all Fully Registered First Mortgage Bonds, and all Non-Cumulative Income Bonds, at owner's risk, with notation of the aforesaid interest accumulations payment stamped thereon, and (2) duly make remittance covering said interest accumulations payment on said Coupons or Fully Registered First Mortgage Bonds and Non-Cumulative Income Bonds.

GUY A. THOMPSON, TRUSTEE,
NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY, DEBTOR.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF

MISSOURI PACIFIC RAILROAD COMPANY

FIRST AND REFUNDING MORTGAGE BONDS SERIES A, F, G, H AND I.

Payment equal to six months' interest accumulation to the holders of Missouri Pacific Railroad Company First and Refunding Mortgage Bearer and Registered Bonds, in the aggregate amount of $6,579,762.50 has been authorized by Order No. 2049, entered April 29, 1942, as amended by Order No. 2049-A, entered May 18, 1942, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

Series A, six months' period ended August 1, 1934,
Series F, six months' period ended September 1, 1934,
Series G, six months' period ended May 1, 1934,
Series H, six months' period ended April 1, 1934, and
Series I, six months' period ended August 1, 1934.

In pursuance of said Court Order said payment is to be made to said bondholders on and after May 29, 1942, and shall be received and accepted by them subject to the provisions and conditions of said Order. Holders of said Bonds must obtain from the undersigned, address Missouri Pacific Building, St. Louis, Missouri, or from J. P. Morgan & Co. Incorporated, New York City, Paying Agent, a form of letter for transmitting to said Paying Agent, direct or through local banks, at holder's risk, (a) the Coupons numbered, respectively, 35, 15, 11, 8 and 7, detached from the Bearer Bonds and, also, from Bonds registered as to principal only, of the aforesaid Series A, F, G, H and I, and (b) the Fully Registered Bonds of said Series. A separate income tax ownership certificate for the aggregate interest to be received under each maturity, as indicated above, and more particularly indicated in the required Letter of Transmittal, should be forwarded with the Coupons or Bonds presented. Said Paying Agent will (1) return all Fully Registered Bonds, at owner's risk, with notation of the aforesaid interest accumulation payment stamped thereon, and (2) duly make remittance covering said interest accumulation payment on said Coupons or Fully Registered Bonds.

GUY A. THOMPSON, TRUSTEE,
MISSOURI PACIFIC RAILROAD COMPANY, DEBTOR.

FINANCIAL NOTICE

TO THE HOLDERS OF

CITY OF MONTEVIDEO

(Republic of Uruguay)

External Sinking Fund 6% Gold Bonds, Series A, dated November 1, 1926, due November 1, 1959
and
7% Sinking Fund Gold Bonds, dated June 1, 1922, due June 1, 1952

The Prospectus of the Republic of Uruguay dated August 1, 1938 whereby the Republic made to the said holders an Offer of Exchange for bonds of the Republic, has been amended under date of May 25, 1942 to extend the period for the exchange, and to furnish certain supplementary information. Copies of the amended prospectus and form letters of transmittal may be obtained from:

Hallgarten & Co., 44 Wall Street, New York, N. Y., as Exchange Agent with respect to the 6% Bonds of the City.

Dillon, Read & Co., 28 Nassau Street, New York, N. Y., as Exchange Agent with respect to the 7% Bonds of the City.

REPUBLIC OF URUGUAY

JUAN CARLOS BLANCO,
Ambassador at Washington, D. C.

May 25, 1942

The Securities Salesman's Corner

How A Sale Was Made To Husband But The Wife Wore The Pants

This is a story of how a salesman opened a new account after he thought he had already lost the sale. The people he was calling on he had never sold before. In addition, it was a situation where both the husband and wife had to be sold. With this as a brief background we relate the following history of the course of this sale, with the hope that the story itself will be of value, if, on other occasions, a similar situation may arise for the readers of this column.

The first call was made during the afternoon. The lead was based upon a routine list of bondholders who held a certain security that recently had become impaired both as to earnings protection and outlook for the company. The lead on the salesman's card was in the name of the wife. She met him at the door, not belligerently, but still not overly friendly. This first call served its purpose. The salesman was invited to tell his story, which he did, and in addition, created a good first impression. When he left it was with the invitation to call back on another evening to tell the story to friend husband.

On the second call the salesman spent over two hours in the living room of Mr. and Mrs. Prospect and he built a solid foundation of confidence. The wife however, seemed the most attentive and asked some questions. The husband, though friendly, was one of those fellows that just sits back in a chair, looks intently at a salesman, never changes expression and never says a word.

After going over several of the holdings of this couple (and they were extensive) the salesman promised to procure information regarding these issues and call again to go over the entire list, as well as resubmit suggestions for exchange. When he left their door this evening he had the feeling that at last he was beginning to gain the confidence of Mrs. Prospect—but he was in doubt as to the reactions of the husband. The reason for this was, that unless a man can be made to talk, you can't tell what he is thinking.

The third call was also in the evening. It was made by appointment. The sales presentation started about eight thirty and by eleven thirty, Mrs. Prospect finally said to her sphinx-like spouse, "What shall we do, Boss." Boss said, "I don't know, I don't think I like it." Here was the tip off that led to the sale. The salesman sensed that here was a woman who was more intelligent than her husband. He realized that the husband's silence was not a mark of wisdom but on the contrary, it was an indication that he was far behind in appreciating the facts that the salesman was trying so hard to show to these people. Also, the salesman garnered that this smart woman had probably all her married life been putting ideas into her husband's head, and then making the great big, superior, male believe that he, of course, was the head of the house. A carefully timed question by the salesman then opened up Mr. Prospect's clamlike silence. Here's all he said, "Maybe you have something else that you like better Mr. X?" (Play to the man's ego.) He opened up—and with a vengeance. It came about that he owned some isolated, third grade real estate bonds that had depreciated about 65% in value over the years but were still paying a reduced interest rate on on income basis and he thought that since he had been a sucker (in his own words) to have bought at 100 that they should be a good buy now. In other words, he wanted to get hunk with somebody and if they were going to sell out some other securities and buy several other suggestions made by the salesman, why not put in a few Stinko 4's of his own.

The salesman said, "why not," and he proceeded to include a couple of the husband's favorites (the total percentage of the entire reinvestment of the hsuband's suggestion was about 5%). The wife caught on and was secretly relieved, because by this time she was sure that the salesman had done a very good job of improving on the entire portfolio. In fact, she almost admitted by her action that she knew that the salesman was wise to her husband's weakness. This in itself lifted her appreciation of the salesman's perceptivity and capability. Here was a case where the wife had to be sold first but the husband had to be given the credit for making the decision—even if he didn't know what it was all about.

P. S. This salesman did not get to bed until one thirty A.M. after making this sale. He drove thirty-five miles each way to see the customer. The completed transaction will show that through his efforts these people sold out bonds that were on the boderline of actual default and replaced them with much sounder situations. All the figures, facts, prospectuses and arguments in the world would not have made this stubborn husband "go to the watering trough and take a drink." Instead, a little common sense salesmanship and knowledge of human nature, applied at the right time did the trick. **Yet there are bureaucrats and others who say that there is no economic value to such salesmanship. In our opinion this salesman earned every dime he made in commissions and we also believe that no Government bureau has the right, on a moral basis, to judge what should be the amount of his profit.** If a year from now these people would show a loss of $10,000 on the account (had not the salesman persuaded them to make advisable changes) would a Government bureau make **good their loss? We wonder!**

Eliminate Double Tax On Odd Lot Deals

(Continued from First Page)

with $38,000,000 in 1933, the first year the emergency tax was in effect. Our earnest hope is that the Legislature will next year realistically examine the whole stock transfer tax structure and give us the relief which is needed if New York is to retain its supremacy in the securities and financial field.

The Securities, Commodities and Banking section of the New York Board of Trade also expressed its thanks to Governor Lehman in a wire sent to him on May 25. Marshall W. Pask, Chairman of the section, pointed out that the bill will not of itself solve the problems of the securities markets of New York City, but hailed it as "the first step in the right direction."

"The bill," said Mr. Pask, "will remove one of the irritants that have tended to divert business from our markets." He also pointed out that the savings affected will not go to the brokers, but will be saved to the investing public who use the exchanges.

Passage of the bill by the Legislature was noted in these columns of April 30, page 1704 and in the same issue (page 1691) it was indicated that the Board of Trade had urged the Governor to sign.

Bank & Insurance Stocks

(Continued from page 2022)

of civilian automobile production; and (2) Restrictions on use of cars, by rationing of tires and gasoline. Neither of these two factors means complete drying up of automobile insurance volume, as some investors appear to suppose.

In 1941, production of cars and trucks was about 5,000,000 units. While this came close to equalling the 1929 record of 5,600,000 units, and stoppage of such civilian production would therefore be serious for new car insurance, it should be realized that total outstanding passenger autos total about 29,000,000 units, of which more than half are less than five years old. Add to this commercial vehicles and it is apparent that the market for automobile insurance is not by any means eliminated by cessation of civilian production. In fact, the increased insurable value of used cars, the increased danger of theft, and the New York Financial Responsibility Law effective this year are factors working for continued automobile volume.

Restrictions on use have more serious repercussions on volume, because they remove cars from the roads by forcing less driving. However, such restrictions fall more on private use, in which the ratio of insurance coverage is not as high as on commercial vehicles, which will continue to get tires and gasoline because they are needed for the transaction of everyday business.

Automobile volume is a very substantial line, but it has not been an outstandingly profitable line. For example, the casualty companies in 1941, Best's tabulation shows, showed statutory underwriting losses of 15.7% on auto property damage and 10.9% on auto collision, and while profit on auto liability was 4.2%, this compared with over-all profit of 6%, and was less profitable than fidelity, surety, workmen's compensation, accident and health, and burglary and theft, which lines are the most satisfactory major lines. Fire companies not so long ago had trouble with the loss and expense ratios on automobile business, and while improvement has been made, loss ratios of 55% and over are not unusual on automobile volume.

Therefore, while automobile volume is admittedly substantial and is affected by conversion to wartime production, its reduction would not mean impairment of underwriting profits. In fact, for 1942, the net release of unearned premiums to underwriting account caused by lower volume will probably establish substantial statutory underwriting profit on automobile business.

Pay On Minas Geraes $6\frac{1}{2}$s

The National City Bank of New York, as special agent, is notifying holders of State of Minas Geraes (United States of Brazil) 6½% secured external sinking fund gold bonds of 1928, due March 1, 1958, and secured external gold loan of 1929, series A, 6½% bonds, due Sept. 1, 1959, that funds have been deposited with it to pay, in lawful currency of the United States of America, 14.35% of the face amount of the coupons due March 1, 1939, amounting to $4.66375 for each $32.50 coupon and $2.331875 for each $16.25 coupon. The announcement further says:

> The acceptance of such payment is optional with the holders of the bonds and coupons but pursuant to the terms of the Presidential decrees of the United States of Brazil, such payment, if accepted by the holders must be accepted in full payment of such coupons and of the claims for interest represented thereby.

AFFILIATED
Fund, Inc.
A LEVERAGE
INVESTMENT COMPANY
Prospectus on request
LORD, ABBETT & Co.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

A Turn In The Tide?

Although the investing public is still definitely apathetic toward common stocks, there are increasing signs that the long-awaited turn is at hand. Less than a fortnight ago one of Wall Street's largest and most successful operators is reported to have begun accumulating stocks for the first time in over two years. In a recent issue of the "Christian Science Monitor" Roger W. Babson declared, "I never made a dime following the crowd. When they sell I buy. From the action of the stock market in recent months some drastic liquidation has been going on. This is a buy sign to me. Lack of volume in trading is another favorable indicator. . . . Considering the prospects for some real inflation and the high surplus of cash awaiting investment, a little encouragement is all the market needs to show some real strength. Investors who put cash now into common stocks should profit in the end."

Approaching the market from the standpoint of prospective yields and prospective earnings, Moody's Stock Survey dated May 11, 1942 concludes that "stock prices generally are in a low area justifying a policy of accumulation, as various individual issues becomes attractive. This is not to rule out the possibility of some further general market decline, especially if war news over coming weeks should be on the disturbing side, but it is to say there are sound reasons for believing that the major portion, in time and extent, of the decline in stock prices generally has already been witnessed."

It is significant that the investment research and advisory organizations retained by some of the larger investment companies have also taken this stand. The findings and recommendations of these organizations are confidential to their clients and only on infrequent occasions are their views made public except as revealed in the portfolio changes of the companies they serve. Yet in at least one instance last week the sponsor of a large investment company was permitted to make public the recommendation of the affiliated advisory group to the effect stocks were again in a buying range and that a policy of accumulation should be followed.

Added to this weight of professional judgment are the views of leading investment company sponsors. Massachusetts Distributors' W. F. Shelley devoted the entire front page of "Brevits" (May 16) to Mr. Babson's forecast thereby indicating indorsement of his stand. Calvin Bullock's "Bulletin" of May 21 contained a resume and discussion of the forecast by Moody's indicating similar indorsement. Lord, Abbett last week emphasized confidence in the outlook for equity securities by offering present shareholders of Affiliated Fund the right to purchase additional shares at a discount from the regular offering price. This offering is so unusual as to constitute a story in itself.

Stating their belief that "in our opinion stocks are approaching an area where they represent attractive opportunities for purchase," Affiliated Fund sent warrants to all shareholders under date of May 21. These warrants entitle present shareholders to subscribe to new shares (up to the number of shares which they now own) at a discount of 3½% from the regular offering price. The offering is made by the sponsor, Lord, Abbett & Co., Inc. through its regular dealer connections and expires as of the close of business June 30, 1942. Dealers will note with satisfaction that all but ½% of the 3½% discount is being borne by the sponsor.

MANHATTAN
BOND FUND
INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PL. JERSEY CITY
634 SO. SPRING ST. LOS ANGELES

Under the timely caption, "Exaggerated Hopes and Exaggerated Fears," on May 15 issue of Hugh W. Long & Co.'s New York "Letter" makes a strong case for railroad common stocks at current levels. Following excerpts are from the "Letter":

"Memory is short and many investors think of railroad stocks only in terms of depression earnings and depression prices. It should be interesting to look back at the situation as it existed when earnings were last approximately in line with 1941 figures.

"This table is presented as history; not prophecy. These 1930 prices were recorded after the 1929 crash but still reflected something of the unbridled optimism of those days and were influenced by the past record and standing of the railroads.

"But what of today's prices? Do they not seem just as unrealistic as those of 1930? Do they not also

(Continued on page 2029)

WELLINGTON
WF FUND
Prospectus of this Mutual Investment Fund Available through your Investment Dealer or from
W. L. MORGAN & CO.
Packard Bldg., Philadelphia

"QUAKER CITY FEDERAL"
INVESTMENT SHARE CERTIFICATES

Legal Investments—For Fiduciaries in Pennsylvania (and many other States), to the extent of $5000 as insured by the Federal Savings and Loan Insurance Corporation.

Safety—Conservative Management of the Association. Certificates Insured up to $5000 by Federal Savings and Loan Insurance Corporation, an instrumentality of the United States Government.

Convenience—Issued in units or multiples of $100. Repurchases (withdrawals) may be requested at any time under the Rules and Regulations, upon thirty days' written notice.

Return—Cash dividends as declared are payable January first and July first. Current dividend rate—3% per annum.

More Than $1,000,000 of Trust Funds Are Now Invested in Quaker City Federal Certificates
By More Than Fifty-five Banks and Trust Companies.
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Member Federal Home Loan Bank System
Federal Savings & Loan Insurance Corporation

SAFETY PLUS GOOD RETURN ON SAVINGS
Current Rate 3½% Never Paid Less
Accounts Insured to $5,000 by Agency U. S. GOVT.

GEORGIA'S OLDEST FEDERAL
William M. Scurry, President

FULTON COUNTY FEDERAL SAVINGS & LOAN ASSN.
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Federally Insured Safety
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Assets more than $950,000.
Inquiries invited.
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION SAFETY OF YOUR INVESTMENT INSURED UP TO $5000
GUARANTY Savings and Loan Association
2004 Second Avenue, North Birmingham, Alabama

INSTITUTIONAL AND TRUST FUNDS WELCOME
32 years of uninterrupted dividend
Payments never less than 3%

Dec. 1941 dividend, 3½%

Investment accounts insured up to $5,000 by the Federal Savings and Loan Insurance Corporation, Washington, D. C.

WE INVITE YOUR INQUIRY

PROSPECT FEDERAL SAVINGS
AND LOAN ASS'N OF CHICAGO
1707 West 47th Street, Chicago, Illinois

Why Save Or Invest In A Savings And Loan Association?

By HORACE RUSSELL
General Counsel United States Savings and Loan League
Chicago, Illinois

Why is it that about 6,000,000 people carry about $6,000,000,000 of savings and investment funds in savings and loan associations in the United States?

Perhaps the best answer is that they find a savings share account or an investment share certificate in a savings and loan association, from experience and observation, to be one of the safest places to save and invest to provide a reasonable return, to be reasonably available at all times and, at the same time, to be convenient. From the earliest recorded times it has been common knowledge that a first mortgage loan on a home is a good investment. Almost every thrifty small capitalist in our country has employed some, or all, of his money by keeping the same loaned out upon homes and farms, and few, with knowledge of how to do it and how to look after their investments, have lost any money in doing so. The average saver or investor in the United States realizes that he may safely invest in a life insurance policy or an annuity for the same reasons he knows that he may safely save or invest in a modern savings and loan association. The small saver is not able to go into the mortgage business. Even the investor with $5,000 is not safe, in our complicated life, to go into the mortgage business. He is too likely to overlook taxes, insurance or depreciation of the property, or to be unable to manage and re-sell the property in the event of trouble.

Horace Russell

The reason why more than 1,000,000 people open savings and investment accounts in savings and loan associations each year is, to state it another way, that they find it convenient, find that they can get their money, if they need it, that they get a reasonable return of about 3% upon their money, and that their money is safe.

The modern savings and loan association is a common fund of money, owned by savers and investors. This money is kept loaned out upon monthly amortized first mortgages upon homes. After payment of operating expenses, which are low, and provision for reserves to absorb losses, the remainder of the earnings on tnese mortgages is paid out in dividends to the owners. The current rate varies from about 2½% to about 4% annually. The average rate is a little above 3% annually. Over a very long period of time the earning rate has been extremely reliable. Means are provided to open accounts at any time with any amount of money, and means are provided, upon reasonable notice, for savers and investors to secure a part or all of their funds. "Meanwhile, the association is able to keep from 90% to 95% of the money invested in earning assets in the form of home mortgages. It is a very simple process, but an extremely flexible one, which appeals to the average saver or investor.

Savings and loan associations are local institutions, lending substantially all of their funds within 10 or 15 miles of their offices, within their own communities. The manager of a savings and loan association, and his staff, are well acquainted with the value of the property in this area and they are well acquainted with the people in this area and, generally, know who will pay the money back. The association is organized and operated so that it seldom has trouble with loans. It has facilities to see that all taxes are promptly paid and discharged and that the property is at all times covered with proper fire and other hazard insurance. If trouble does come, as trouble does in a depression, this local staff, in this local area, is in the best possible position to deal with trouble. They have proved themselves to be the best mortgage collectors in the world. If they are compelled to foreclose, they have the best possible facilities for foreclosure and for the managing of the property. The record of the mortgage business during the years of depression indicates that savings and loan associations foreclosed a total of about $2,000,000,000 worth of property and generally earned a fairly satisfactory net return upon the property while it was carried on the books. In innumerable cases, savings and loan associations were able to make such property produce a net earning equivalent to their dividend rate, or more, through a period of several years throughout the depression. Furthermore, they are in the best possible position to improve and market such property. The record of the recent depression indicates that this large volume of foreclosed property, after producing a fairly satisfactory return while it was held, was sold near, at, or above, cost. The net losses of the savings and loan associations, in the aggregate, upon this great volume of foreclosed real estate are nominal. At the moment, perhaps nine-tenths of the property acquired throughout the depression has been sold, and the remainder is being rapidly disposed of, very frequently at a handsome profit upon today's market. The saver and investor likes to be able to open an account and thereby participate in the home mortgage business, which is known to be the safest business in the world. He knows that his insurance company considers the home mortgage portfolio to be its best investment. He knows that savings banks look upon home mortgages as the best possible investment. Many of them know that the savings and loan associations, by the development of monthly payment mortgages, have developed the safest method of home mortgage lending. The saver and investor likes to secure the full net return upon this kind of business, after nominal expenses and reserves for losses. He likes to know that the management of his money is in the hands of the most expert management known in the home mortgage field. Not only the common savers and investors, but trust companies, other trustees, and the most conservative institutions in the country are investing in savings and loan shares in substantial volume. The trustee is not sufficiently compensated to justify him in assuming the responsibility of making and administrating small home loans and, if necessary, the properties which may result from foreclosure. The trustee can secure the best and most expert management in the home mortgage field and at the same time get the full net return of the home mortgage business by the very simple device of investing in savings and loan shares. Many small colleges and cemetery associations have discovered by experience that they are not equipped to go into the mortgage business, and many of these institutions are seeking the net return upon the home mortgage business by investing in savings and loan shares. The $10,000 scholarship fund may be invested in this manner to return about $300 per annum and the trustees are freed of all responsibility except the selection of the investment in the first place and the receipt of the income by check semi-annually.

The development of the Federal Home Loan Bank System in 1932 has provided an adequate reserve banking system so that savings and loan associations may operate upon a normal basis even in unusual times. In 1934 the Government provided the Federal Savings and Loan Insurance Corporation with $100,000,000 of capital, which has since built up over $30,000,000 of reserves and surplus to insure accounts in savings and loan associations. With these developments, the individual association is carrying larger surplus and reserves, first to equalize dividends over the years, and second to absorb losses which occur in depression periods. The insured account in a savings and loan association provides the best protection the American saver or investor has ever been offered.

Railroad Securities

(Continued from page 2021)

rently sell at prices ranging from about 45 to slightly above 80, large purchases should be possible over the balance of the year. There are now $69,175,000 face value of bonds of all series outstanding.

Many analysts have been advising clients to switch from the 5s, 1944, selling around 82, into the 5s, 1949, which are selling around 70, on the theory that neither the slight difference in collateral position nor the earlier maturity warrants such a price spread. Recent appraisals indicate the value of assets pledged behind the 5s, 1944 at slightly more than 103% of the face value of bonds outstanding compared with nominally less than 103% for the 5s, 1949. Income from securities pledged behind the 5s, 1944 (based on a $3.00 Chesapeake & Ohio dividend) amounts to 1.94 times annual interest requirements on the bonds, compared with a 1.92 ratio for the 1949 series. It would take a dividend of only $1.55 by Chesapeake & Ohio to service the earlier maturity and a dividend of $1.58 to service the 5s, 1949, in both cases without allowing for corporate expenses.

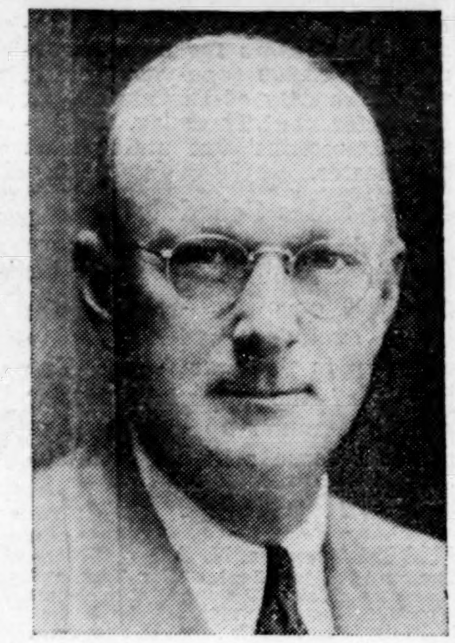
The 5s, 1944 do carry a conversion feature, which, however, hardly seems likely to prove valuable unless there is a drastic change in the general investment attitude towards rail stocks. The bonds are convertible into Chesapeake & Ohio at a price of $45.45 a share through January 31, 1943 and at $47.62 a share thereafter to January 31, 1944. Chesapeake & Ohio common has not sold as high as 45 since 1939 when it reached 47¼.

Savs.-Loan Literature

S. R. Gaynes & Co., 225 Broadway, New York City, brokers specializing in the sale of Federal Savings and Loan insured Certificates, represent over four hundred associations throughout the nation and carry in their files literature and latest financial statements, which will be sent free upon request. Trust officers are invited to avail themselves of this service.

Edwin R. Conover Will Open Convention Of New Jersey Building & Loan League

Edwin R. Conover of Red Bank, president of the New Jersey Building and Loan League will open the League's thirty-fourth annual convention today with a report on activities of the members, stressing particularly the efforts of the member Associations in connection with the financing of the war effort, and the problems presented by the many new factors arising out of the war situation.



Edwin R. Conover

The League has sponsored the qualification of all active associations for the sale of war savings bonds and stamps, and has an active committee for the promotion of war bonds and sales under the direction of Ernest A. Minier, President of the Carteret Savings and Loan Association of Newark, N. J. It is understood that Mr. Conover will urge in his report a double-barrelled savings program of regularly placing ten per cent of individual income in war savings bonds and another portion in a savings account with a savings and loan association so that war savings bonds will not have to be cashed before maturity; in this manner, it is suggested, an unnecessary drain on government funds will be avoided and additional excess purchasing power will be stored up until the conclusion of the war.

It is also understood that Mr. Conover will discuss housing construction in the New Jersey area. Most of the State of New Jersey is classified as a defense area and small home construction, classified as war housing, may be undertaken in that State in spite of the general discontinuance of such construction. This construction offers an interesting opportunity for building and loan institutions which are strategically located and have the facilities permitting them to undertake such financing in spite of the problems offered by priorities governing construction materials and many of the Associations are engaging in this housing effort.

N. J. Building & Loan Representatives Convene; To Discuss War And Savings & Loan Ass'ns

Representatives of over 500 New Jersey building and loan and savings and loan associations will meet today, Friday and Saturday, for the 34th annual convention of the New Jersey Building and Loan League at the Haddon Hall Hotel in Atlantic City.

The principal discussion at all convention sessions will evolve around the effect of the war on savings and loan associations, discussion of war bond sales, defense housing and government regulations.

Edwin R. Conover of Red Bank, President of the League, will call the convention to order this afternoon. Conover is expected to urge in his annual report, a double-barrel savings program of placing 10% of income in war savings bonds, and establishing savings accounts in savings and loan associations, so that war bonds need not be cashed prior to maturity.

At the Thursday afternoon session, reports will be heard from a number of League committees including the Economic Policy Committee report which will be presented by M. K. M. Murphy of Rutherford; the Liquidity Policy Committee report which will be presented by E. Harold Schoonmaker of Tenafly and the Legislative Committee report which will be presented by Francis V. D. Lloyd of Hackensack.

William T. Vanderlipp of the New Jersey Defense Council will also speak at the opening session on War Preparations in New Jersey.

Thursday night, there will be a panel discussion on the Effects of War on the Savings and Loan Industry. The panel will be headed by M. K. M. Murphy of Rutherford, Chairman of the League's Economic Policy Committee. Other members of the panel will be Joseph A. O'Brien of Camden, President of the Fidelity Mutual Savings and Loan Association of that city; Philip Klein of Newark, President of the Mohawk Savings and Loan Association of Newark; Carl F. Distelhorst, Assistant Vice-President of the United States Savings and Loan League, and George L. Bliss, President of the Railroad Federal Savings and Loan Association of New York. In addition to the discussion by the panel, they will answer questions from the floor.

Attorneys representing building and loan and savings and loan associations will hold sessions Thursday night and Friday morning under the direction of Orlando H. Dey of Rahway, Chairman of the League's Legal Committee. At the Thursday evening session, Walter J. Freund, a member of the New Jersey Constitutional Revision Commission, will discuss the proposed new constitution, and Fred G. Stickel, Jr., of Newark, will talk on the problems facing lawyers under the Soldiers' and Sailors' Civil Relief Statute.

At the Friday morning session of the attorneys, George H. Jacobs of Camden will talk on the protection afforded attorneys by official tax searches. James N. Butler of Atlantic City, will discuss the government's program for War Risk Insurance, and S. Arthur Stern of Newark, will talk on Current Legal Decisions of Interest.

Friday morning will also see a session of directors, which is the first such session at a New Jersey League convention. H. Edward Wolff of Elizabeth, will preside at this session. Among the topics to be discussed will be the Legal Responsibilities of a Director, by Robert S. Pollard of Chatham; What the Directors Should Know About Examinations and Audits, by Wilton T. Barney of Hackensack, Chairman of the Accounting Standards Committee of the League, and Directors' Responsibilities From the Layman's Viewpoint, by Frank Stave of Paterson.

Albin L. Krempecke of Trenton, will talk at this session also on how small associations can sell war bonds.

Also on Friday morning there will be a session for executive managers directed by George P. Byrnes of Jersey City. This session will hear discussion on Internal Checks and Controls, by John R. B. Byers of Rutherford, an explanation of Governmental Construction Relations and Other Related Regulations, by Warren Hill, Assistant Executive Vice-President of the League, and an address by Jerome B. McKenna, Deputy Commissioner of the Department of Banking and Insurance, in charge of building and loan associations.

On Friday afternoon, the convention will convene in a general session which will be addressed by Nugent Fallon, President of the Federal Home Loan Bank of New York. Wythe Williams, noted radio commentator, author and lecturer, will speak under the auspices of the War Savings Bonds Staff of the Treasury Department and the National Situation As It Affects the Savings and Loan Situation will be discussed by Morton Bodfish, Executive Vice-President of the United States Savings and Loan League.

Election for members of the Board of Governors of the League in the even numbered districts will take place that afternoon.

The convention closes with a general session on Saturday, May 30th, at which the new officers of the League will be installed and the Resolutions Committee will make its final report. It is anticipated that Edward J. Fyfe, of Hackensack, who has served as Vice-President, will be elevated to President.

A. E. Casgrain, Regional Rent Executive, OPA, will talk on Rent Ceilings at the Saturday morning session. Emil A. Gallman, Executive Vice-President of the League, will discuss the Current Outlook, and Banking Commissioner Dr. Eugene E. Agger will deliver an address.

Rails Attractive

Detailed analyses of Virginia & Southwestern first consolidated 5s of 1958, and Pittsburgh & West Virginia first mortgage 4½s of 1958-59-60, have been prepared for distribution by B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed railroad stocks and bonds. The Virginia & Southwestern bond has unusual investment merit relative to the price at the present time, according to B. W. Pizzini & Co., from whom copies of both analyses may be obtained upon request.

Stevens-Legg To Admit

George F. Robb will shortly become a partner in the New York Stock Exchange firm of Stevens & Legg, 11 Wall Street, New York City. It is proposed that Mr. Robb serve as alternate on the floor of the Exchange for John W. Walters.

A Safe Haven For Investment Funds

Individual Investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

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- **First Federal Savings and Loan Ass'n of Lake County**
  Leesburg, Florida
- **Atlanta Federal Savings & Loan Association**
  22 Marietta Street, Atlanta, Georgia—Ask for booklet, "A Safer and Better Plan"
- **Fulton County Federal Savings & Loan Assn.**
  Ground Floor Trust Co. of Georgia Building, Atlanta, Ga.
- **Guaranty Savings and Loan Association**
  2004 Second Avenue, North, Birmingham, Alabama
- **Prospect Federal Savings and Loan Ass'n of Chicago**
  1707 West 47th Street, Chicago, Illinois
- **Radnice Savings and Loan Association**
  3919 W. 26th Street, Chicago, Illinois
- **First Federal Savings and Loan Ass'n of Wewoka, Oklahoma**
- **Peoples Federal Savings and Loan Ass'n**
  1700 West 21st Street, Chicago
- **Northern Federal Savings and Loan Association**
  4th and Cedar, St. Paul
- **American Savings & Loan Assn.**
  Dept. G, 4525 Hohman Avenue, Hammond, Ind.
- **First Federal Savings and Loan Association of Philadelphia**
  1332 Point Breeze Avenue, Philadelphia, Pa.

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Municipal News & Notes

A slightly better tone has been evidenced recently in the municipal market, with dealers and investors displaying more confidence. Activity was reported in most quarters to have continued at a minimum although prices were steady to firm reflecting a continuation of the improvement in trading sentiment that appeared after the refusal of the House Ways and Means Committee to endorse the Treasury Department's proposal to remove the tax exempt feature of State and municipal securities.

New issues were reported to have met with relatively good demand with the result that a number of accounts which only recently came on the market were cleared out shortly after their respective reofferings. Activity in the secondary market was described as dull and quiet with offerings scarce and little bidding interest being shown.

Municipalities Feel War Emergency Impact

Cities face three chief problems as a result of the national defense program a survey by the International City Managers' Association shows. The problems involve obtaining priorities on materials needed for municipal services, holding employes offered higher salaries by defense industries, and meeting employe demands for increased wages to match the rising cost of living.

The survey included reports from 27 cities of varying size and character in 21 States. Affected most drastically were municipalities in defense areas, where increased demands for municipal services have resulted in rapid expansion of such services as recreation facilities, garbage collection, and police protection. A shortage of housing in a few cities points to increases in rents and, perhaps, to municipal control of rents, according to the survey.

Several officials said cities should be given financial aid by the Federal Government, and many expressed concern over what will happen after the defense emergency is past in regard to employment conditions, expanded facilities and municipal debt.

Federal and Local Debt Situation Now Reversed

The United States entered World War II with States, counties, and cities being responsible for only 29.2% of the total outstanding debt of all governmental units. The situation before World War I was exactly reversed. In 1912—last year before the war of 1914-1918 for which figures are available — the Federal Government accounted for only 21% of the total debt as against 79% attributable to States, counties, and cities. By 1912, however, the total public debt had risen from $5,692,000,000 to $33,219,000,000 and the Federal Government's share jumped to 69.1.

States Asked to Maintain Tax Levels

The States are urged by the Federal Budget Director to resist any public pressure to reduce taxes in this "period of great inflationary danger."

"Balances in State treasuries in excess of current needs should not be made the basis for appeals for tax reduction," Budget Director Harold D. Smith asserted recently at a conference on emergency fiscal problems called by the Council of State Governments.

"It is a pressure with which I have much sympathy, but it is a pressure which must be resisted."

By maintaining taxes at a high level and improving their fiscal position, he said, State and local governments first would reduce the pressure toward inflation by keeping down the demand for goods and services; and, secondly, they would place themselves in a position to be more independent of the Federal Government after the war when Federal war expenditures have ceased.

Airports Don't Affect Adjacent Real Estate Values

Contrasting effects of airport developments on values of adjacent real estate were brought out in a summary of opinions by Assessors in 19 cities made by the National Association of Assessing Officers.

Findings by the Association indicated two general results: First, residential property values seldom show any marked change when airports are located nearby, but such changes as do take place tend slightly downward; and second, values of some business properties near airports usually show a small increase.

The cities queried by the Association were: Atlanta, Baltimore, Boston, Buffalo, Cincinnati, Cleveland, Dallas, Denver, Detroit, Los Angeles, Louisville, Miami, Milwaukee, Minneapolis, Portland, Ore., St. Louis, St. Paul, Spokane, and Washington, D. C.

In reporting on how airports influence values of nearby residential properties, 10 cities could see no effect one way or the other, seven claimed values decreased and two said they increased.

As for the influence of airports on surrounding business and industrial real estate, nine cities noticed no effect, seven reported such values increased and three said they decreased.

Reasons given by the cities for depreciation in value of residential property were: Noise of takeoffs and landings, especially during sleeping hours; increased dust; and accident hazards.

Municipal Finance Conference Scheduled

Municipal financial problems have been aggravated greatly by the war. There are demands for new activities and some curtailment of old services. Violent changes in revenue may be expected. These new war problems will be discussed at a conference of the Municipal Finance Officers Association, which will be held in Buffalo, N. Y., on June 22 to 25.

Revenue Bonds Suffer Another Setback

Municipal circles were informed Monday that a well known New York investment service had lowered the ratings on a sizable number of revenue obligations, quite a few of which had hitherto enjoyed considerable prestige. This new depressive is attributed to the current uncertainty enveloping these securities, payable mainly from vehicular traffic revenues, which have been hit by curtailment of automobile usage.

Observers were inclined to deprecate the market effect of this latest action on the ground that dealers and investors have fairly well discounted the lower revenues arising from the restriction of traffic. The Port of New York Authority obligations perhaps were the most important issues on which the rating was dropped by that agency. Neither the Triborough Bridge Authority or the Pennsylvania Turnpike Commission bonds had previously been rated so their status was unchanged.

Ratings were dropped on the bonds of such agencies as California Toll Bridge Commission, Colorado Highway Revenues, Delaware River Joint Commission, Kentucky Bridge Revenues, Mississippi Highway Commission and Louisville Bridge Commission, among others.

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Pennsylvania Turnpike Profiting Despite Rationing

Prospects of eventually extending the Pittsburgh-Harrisburg Turnpike to Philadelphia were brighter recently as a survey showed the present highway is financially sound despite tire rationing and reduced travel.

Although the effect of gasoline rationing has not yet been felt, the 160-mile super-highway earned more money in the first four months of 1942 than it did in the corresponding months of last year.

Passenger car travel has dropped, but the slack has been more than taken up by increased use of the all-weather "dream highway" by trucks hauling vital defense materials east and west, and by additional bus travel.

Turnpike officials point out that the road is still the most economical way for motor vehicles to travel the Pittsburgh-Harrisburg route because of savings in rubber, gasoline and automotive equipment due to the easy grades and curves and constant speed permitted without stops.

When there were no rationing restrictions in the first four months of 1941, the toll highway earned $660,441, Acting Chairman Thomas J. Evans, of the Turnpike Commission, said, while in the corresponding period this year the revenue totaled $735,158, an increase of 11.3%.

N. Y. State Fiscal Inquiry Board Bill Signed

Governor Lehman approved last Friday a bill creating "a little Byrd Commission" to investigate State departments and learn where economies could be effected. At the same time he warned against any attempt of the Commission, which will be Republican-controlled, to indulge in "petty politics."

The Commission will consist of 15 members, five appointed by the Speaker of the Assembly, five by the majority leader of the Senate, and five by the Governor, with an appropriation of $50,000.

Mr. Lehman said that the fiscal committees of the Legislature receive large appropriations totaling nearly $100,000 a year "for this very purpose, and with the aid of the large staff of employees annually scrutinize each and every item of appropriation."

He said the new Commission "should go far beyond the usual procedure of making feeble and general recommendations to cut 10% of this or 10% of that." Insisting that its recommendations should be "concrete and specific," Mr. Lehman said "no one can deny that the times call for rigid economy both by the State and the municipalities, so that a maximum of money can be poured into the crucial task.

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N. J. Revised Constitution To Be Supported

The proposed new constitution for the State of New Jersey, drafted by the Constitution Revision Committee will be supported by the New Jersey Committee on Constitutional Convention. This was announced by Spencer Miller, Jr., State Highway Commissioner, Chairman, after a meeting last week of the Executive Commitee.

The group will recommend a modification to provide that amendments be submitted to the voters if approved by a majority vote of each branch of one Legislature. The Commission suggested amendments be substituted if approved by two-thirds of each House.

The Committee also urges that a provision be included requiring the "submission of the question of a constitutional convention to the people at intervals of not longer than 20 years."

Illinois Chamber Discusses Tax Modernization

The appalling tax burden that has been steadily piled upon business and individuals throughout the United States has long been in the position of Mark Twain's weather: Everybody talks about it, but nobody does anything about it. But now comes the Illinois Chamber of Commerce with a highly sensible plan actually to do something about taxation.

In a well-written, graphically illustrated and documented 108-page booklet, the Illinois Chamber outlines a five-point program for reducing taxes. This booklet has been sent to all members of Chamber and copies have gone to similar associations in other States.

The foreword asks: "Do you know how much 36 billion dollars is?"—and then points out that this is the estimated amount of taxes to be collected by the 161,000 Federal, State and local taxing bodies in the Nation during the fiscal year ending June 30, 1943. This means $274 for every man, woman and child, or about $1,100 for the average family of husband, wife and two children.

The Chamber's five-point program for State and local taxing authorities calls for: (1) elimination of tax delinquency; (2) adoption of uniform accounting and regular auditing practices on the part of every taxing body; (3) strengthening and enforcement of the budget law; (4) revision of assessment methods; (5) reduction of the number of local governmental units.

Wide-spread tax delinquency, it is claimed, results in most taxpayers paying about 10% more than their rightful share because of failure to collect all taxes that are extended on the rolls. Lack of accounting and auditing encourages waste and inefficiency.

Chicago Transit Unification Forecast

Nearly full approval is said to have been forthcoming from participating security holders in Chicago elevated and surface lines for the proposed reorganization and unification plan. The results were made known to Federal Judge Michael L. Igoe by attorneys of the bondholders' committees. The approving vote ran between 96% and 100%, with several bondholders groups in the latter classification. Referendum vote by citizens of Chicago on the unification ordinance is scheduled for next Monday.

Note Sales Scheduled

Because they are of short term maturity we do not include them in the calendar, but, for possible reader interest, we call attention to the fact that the State of Massachusetts offers for sale tomorrow $3,000,000 one-year notes, while the City of Buffalo, N. Y., will offer next Thursday, $3,650,000 six-months' tax anticipation certificates.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

May 28 (Today)

$738.200 Trenton, N. J.
The First National Bank of New York, and associates, obtained the award of the bonds offered in January, 1940. Group headed by Halsey, Stuart & Co., Inc., of New York, submitted the second highest bid.

$1,100,000 Albany Co., N. Y.
Last January this county awarded bonds to a group headed by Halsey, Stuart & Co. of New York. Runner-up in the bidding was Lehman Bros. of New York, and associates.

June 1

$964,000 Akron, Ohio
In Aug., 1941 this city awarded bonds to a syndicate headed by the BancOhio Securities Co. of Columbus. Second highest bid entered by the Provident Savings Bank & Trust Co. of Cincinnati, and associates.

June 2

$5,875,000 Whatcom Co. Pub. Util. Dist. No. 1, Wash.
This appears to be the initial financing by the above district.

$7,062,000 Buffalo Mun. Hous. Auth., N. Y.
These bonds are being issued to refund outstanding obligations of the Authority.

June 15

$7.900.000 Seattle, Wash.
In March this city awarded an issue to a syndicate headed by John Nuveen & Co. of Chicago. Next best in the bidding was an offer submitted by Blair & Co., Inc., and associates.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on May 25 that the tenders for $250,000,000, or thereabouts, of 91-day Treasury bills to be dated May 27 and to mature Aug. 26, which were offered on May 22, were opened on May 25 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for	$461,283,000
Total accepted	250,983,000

Range of accepted bids (excepting one tender of $300,000):

High—99,940, equivalent rate approximately 0.237%; low—99,906, equivalent rate approximately 0.372%; average price — 99,908, equivalent rate approximately 0.365%.

(80% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on May 27 in amount of $150,445,000.

Thomas To Be Partner

Edwin G. Thomas will become a partner in Stevenson & Bartram, 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, and will act as alternate on the floor of the New York Stock Exchange for J. Burr Bartram.

Lehman Bros. Sells R. H. Macy Debs.

A syndicate headed by Lehman Brothers on May 25 offered $12,000,000 10-year 2½% sinking fund debentures, due May 1, 1952. The offering price was 100 and accrued interest. The proceeds of the issue will be used to pay certain of the outstanding notes and debt of the company and its subsidiaries, and for working capital.

R. H. Macy & Co., Inc., and its three principal subsidiaries are engaged in the operation of a department store business generally and activities incidental thereto. The principal store operated by the parent company, is located at Broadway and 34th St., New York City.

[A list of the underwriters together with the principal amount of debentures underwritten by each will be found under, "Calendar of New Security Flotations," on another page of this section.]

Three New Partners For W. D. Gradison

CINCINNATI, OHIO—M. Loth Newburgh, M. Herbert Oettinger, and Eugene J. Weston, member of the Cincinnati Stock Exchange, will become partners in the New York Stock Exchange firm of W. D. Gradison & Co. as of June 1. They will make their headquarters at the firm's main office in the Dixie Terminal Building, Cincinnati. All were formerly partners in W. L. Lyons & Co.

Bolivia Bonds Attractive

The war has affected many vital changes in our sources of supply for strategic materials, and has placed Bolivia in the position of our only real tin source and a prime source of tungsten and antimony, according to "Blueprints for Business," issued by Alexander and Company, 141 West Jackson Boulevard, Chicago, Ill. Bolivia, it is stated, holds long-term firm contracts for total output of tin and other strategic materials at favorable prices, is receiving strong financial support from our Government, is experiencing a steady growing prosperity, has low per capita dollar bond debt, enormous undeveloped wealth, a sound future, has been repatriating bonds, and has demonstrated "willingness to pay." In view of these factors Bolivian bonds at present markets offer a most interesting situation, according to Alexander and Company, from whom copies of "Blueprints for Business," which discusses the situation in detail, may be had upon request.

Heads WPB Branch

The War Production Board announced on May 17 the appointment of John P. Maguire, President of the John P. Maguire Co., commercial textile factor, of New York City, as Regional Director of the WPB for New York State and northern New Jersey.

Establishment of the New York regional office, together with offices in 12 other cities, was recently announced by the WPB; referred to in these columns of May 21, page 1958. It is in line with the WPB's decentralization policy to keep policy and planning work in Washington but to put operations, insofar as possible, in the field where war production lines are being turned out.

Our Reporter's Report

(Continued from First Page)

Company, indicating revamping of institutional holdings to provide for acquisition of more U. S. Treasury loans, has been placed on the market.

Although the identity of the seller naturally was not divulged, the size of the block, $2,470,000, made it clear that the operation was for the account of an institutional holder, either bank or insurance company.

Only last week a block of $1,000,000 American Telephone & Telegraph Company 2¾s were marketed in secondary offering, while earlier in the month $1,179,000 of Atlantic Coast Line's outstanding unified 4½s were sold in the same manner.

SEC Splits Ranks On Issue

The Virginia Public Service Company received clearance for its projected refundfing operation involving $36,500,000 but not with the unanimous consent of the Securities and Exchange Commissioners.

For the first time, the Commission as it now is composed, split ranks, three of the five favoring the company's program, and the other two, including Chairman Ganson Purcell, standing as a dissenting minority.

The minority report based its objections chiefly on the contention that the effect of accounting adjustments made as a condition for the sale of the securities by the majority would be to create an earned surplus deficit on the company's books in excess of $4,000,000.

The company already has called for bids on the foregoing issues to be in its hands by June 1 next.

Treasury Exchange Completed

The Treasury closed its books on the exchange offer, made to holders of Home Owners Loan Corporation and Reconstruction Finance Corporation obligations, on Tuesday with indications that the response had been decidedly satisfactory.

Holders of the outstanding HOLC 2¾s and the RFC 1% were accorded the right to take up the new Treasury five-year 1½% notes in exchange. None of the latter were offered for cash the operation being held to a straight conversion.

That the "rights" accruing to the outstanding Federal agency loan holders were recognized was indicated by the fact that the new notes moved to substantial premiums in when-issued trading.

TIME TO HEDGE

Replacing a valued partner takes time and costs money. Other problems, too, must be coped with—the demands of the deceased partner's heirs often being the most difficult to solve.

Hedging now, while there is yet time, may prove suddenly to be the wisest decision your partnership ever made.

Hedging, through the Massachusetts Mutual partnership protection plan, enables you to build an annually increasing cash reserve while guarding against the ravages of time and circumstance.

At your request, an experienced representative will call to discuss your partnership protection —confidentially, of course. Call one of our General Agents, or write to us.

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John E. Clayton
Raymond-Commerce Bldg.
Newark

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2021)

side it must first go down to the lows of two weeks ago to establish a base. Market theories are as thick as weeds in a neglected vegetable patch. You can take any one and build up a case around it. Still I don't think the market is going to go down to the old lows again. On the contrary a two or three point reaction (if as much as that) is all I look for from present levels. For if the market does make up its mind to drift back to the old lows I am almost certain that it won't hold.

* * *

Meanwhile, readers of this column are committed to a few stocks. So long as they keep their heads above their critical levels they should be held. The complete list, purchase prices and stops follow:

Air Reduction bought at about 30 (now 31½) stop 27¾. Allis Chalmers bought at about 23 (now 23½) stop at 21. Atchison bought at 35½ (now 35½) stop 34. International Harvester bought at 43 (now 44½) stop 41½. Union Carbide bought at 59 (now about 63½) stop 57. And Western Union bought at 25½ (now about 26) stop at 24.

* * *

There are undoubtedly lots of other stocks in the market that act as well as those I have chosen above but being human I can't watch everything on the board.

* * *

You will note that the list has war beneficiaries as well as those commonly labeled "peace" stocks. But none were chosen for those reasons. They were picked purely on market action. And they will be held so long as that market action continues good. I will have no compunction in telling you to get out of one, or all of them, if in my opinion market action warrants. I have no favorites.

* * *

In going over the above you will note that paper profits now are about 7 points in three stocks as against "even" prices in the other three. I believe that before we are many days older not only will the paper profits increase but the "even" stocks will come up into the black as well.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Our Reporter On "Governments"

(Continued from First Page)

AN INDEX TO PATRIOTISM

The Vice-President of a large corporation remarked off-the-record, recently, that he was scared stiff over the probability of being "pressured" into buying Governments one of these days. . . . He revealed he had $100,000,000 in cash and no bank loans and that momentarily, his company was expecting a visit from a Treasury representative who would inquire as to his reasons for not buying Governments. . . . A small bank in Mississippi reported a few months ago that it had $112,000 of cash, $200,000 of deposits ($80,000 in time deposits), only $1,000 of Governments. . . . Another bank in Kentucky reported cash at $305,000, deposits at $720,000, Governments at $35,000. . . . Another in New York disclosed cash at $214,000, deposits at $530,000 (half time), Governments at $31,000. . . .

And so down the list of smaller country banks. . . . The ones cited are typical—not unusual. . . . And the point of citing these statistics is to emphasize that the Government will not permit banks and institutions in a similar position to go through this war contributing so little to the financing angle of the conflict. . . .

That's definite and that's a forecast this writer is positive will come true. . . . The investment managers who have not been buying Governments may have plenty of reasons for their reluctance: Remembering the price declines in the Liberty loans after the first World War is undoubtedly a major factor or lack of knowledge concerning the issues being sold may be of prime importance. . . . But the reasons won't matter soon. . . .

If you're afraid of market fluctuations despite all indications of strong support, buy the Treasury bills at a minor yield and fill out your portfolio with a few intermediates. . . . It's possible that the banks may be given a short-term non-marketable issue on a "tap" basis soon and that certainly would be a satisfactory solution for the country bank still reluctant to place its idle cash in Governments. . . .

REFUNDING

The refunding of the HOLC 2¼ of 7/1/44/42, outstanding in the amount of $875,000,000 and the RFC 1s of 7/1/42, outstanding in the amount of $276,000,000 is now on. . . . You may have received news of the terms of the note offering in exchange by the time you read this, for the flotation was announced for this week. . . . But the exact terms do not matter, for a note financing is bound to go over. . . . What does matter is that this deal is likely to stimulate the market on the upside—at least, temporarily. . . .

The reasoning of professionals forecasting this is that so many holders of these guaranteed, tax-exempt issues will want to maintain their tax-exemption status that there should be a tremendous demand around in the next few days for outstanding exempt issues. . . . The holders in brief, will be doing their own refunding by entering the tax-exempt lists and buying bonds. . . . And that should give the market a good appearance and help pave the way for a giant borrowing of cash. . . . The only logical reason for the Treasury's handling this refunding before the cash borrowing of June would be its belief that prior refunding of the guaranteeds would have this bullish effect on the market. . . .

Incidentally, while the tax-exempts still appear the best buys in the market, there's no denying that any prolonged, important upsurge in this section is bound to have a salutary effect on the taxables. . . . The spreads between the exempts and the taxables will widen beyond the differentials now quoted as months go by and more and more exempts are called in. . . . But for a while, the tax-exempts must pull the taxables with them when they advance. . . . Which means, for the immediate outlook that a refunding should help the market. . . .

BRIEFS

The ceiling on Treasury bills is working. . . . Bids have expanded markedly since the announcement of the Reserve's willingness to buy bills at ⅜%. . . .

Lowering of reserve requirements generally, as well as redesignation of the central reserve cities as reserve cities, being talked about. . . . May come before the June borrowing. . . .

Whatever supply of tax-exempts is around is coming from savings banks. . . . Peculiar tax position of these institutions plus the decline in their deposits plus their purchases of the new taxable bonds causing their liquidation. . . .

Removal of subscription limits on last issue of 2s probably will be continued, suggests even greater caution in placing of orders by smaller institutions. . . . Look for larger allotments on each issue. . . .

As indication of what lies ahead for American banks, consider fact that 90% of the resources of British banking institutions is invested in securities or other paper allied to financing of the war. . . . Britain actually has cut the interest rate on its war obligations since the outbreak of war. . . . It's holding to the 2½-3% level, too. . . .

Stop-Out Values

Some very interesting stop-out values in defaulted railroad bonds are described by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, in a circular they have just issued. Copies of this circular may be obtained upon request from Pflugfelder, Bampton & Rust.

UP-TOWN AFTER 3

PLAYS

"The Strings, My Lord, Are False," by Paul Vincent Carroll. Presented by Edward Choate, in association with Alexander Kirkland and John Sheppard, Jr. At the Royale Theatre, New York. With Walter Hampden, Ruth Gordon, Colin Keith-Johnston, Margot Grahame, Art Smith, and others. Staged by Elia Kazan; settings by Howard Bey. Reviewed May 19, 1942. When God made the Irish he gave them the gift of gab. Any Irishman will tell you that. But unlike the Irish cop on the beat, Mr. Carroll talks too much. So that even if he has something to say he loses his arguments in a welter of words. In his play of a few seasons back, "Old Foolishness," he flung words around with such abandon that they got in the way of what little action presented itself. In "The Strings, My Lord, Are False," he is a little more realistic. He doesn't conjure up fantasies, or spirits and try to put life into them. He tells us of the blitz and how it affected a small Scotch town. But here, too, the plethora of talk-talk slows the excitement down to a walk. His hero, Colin Keith-Johnston, is too stiff, depending on his display of self sacrifice to convince the audience of his heroism. His heroine, Ruth Gordon, blubbers shrilly of her problem as a coming mother. She hits the high registers too often without any apparent reason. Even his conscientious objector is too easily converted. On the credit side there are the fine performances of Walter Hampden, as the town priest, who runs afoul the local politicians and the church hierarchy. Margot Grahame, as the lady of little virtue, who classifies men into two categories; the washed and the unwashed. And Art Smith, the salty radical, who is realistic about the war, its causes and who it must benefit. . . . **"Claudia," by Rose Franken, presented by John Golden, with the original cast including Frances Starr, Donald Cook, Dorothy McGuire, and others.** Back at the Booth, New York, after an out-of-town run. Dealing with a child wife's growing up, it still has a charm that is heart warming.

MOVIES

"Ten Gentlemen From West Point" (20th Century-Fox), George Montgomery, Maureen O'Hara, John Sutton, Laird Gregar, and others. Directed by Henry Hathaway. This is the story of the beginning of West Point and the politicians who tried to kill it. Going back some 140 years ago it tells of the small group of recruits who journeyed up the Hudson to learn how to become soldiers. The Commandant, out of sympathy with the aspirations of the budding officers, tries his hardest to force them to resign. He has little use for military strategy. He feels that soldiering can be taught only in the field. It isn't until the small band, following the lessons taught it in the classrooms, meets and outwits Tecumseh, that the commanding officer becomes amenable. Too much heroics and self sacrifices to make it good adult fare. A pompous snob gets a lesson in patriotism; the nephew of Benedict Arnold dies, hoping he has made partial amends for the treachery of his uncle, the hill billy recruit who joined because "it was free," turns noble and refuses his diploma. It's all cut to suit the times. The kids will love it. **"Take A Letter, Darling" (Paramount), Rosalind Russell, Fred MacMurray, Constance Moore, Robert Benchley, and others. Directed by Mitchell Leisen.** This, an uproarious, grown up sophisticated comedy, will have you holding your sides with laughter. It has a new twist on the office-secretary angle. In this case it is not the male boss and his blonde secretary. It's the charming Rosalind Russell, go-getting female advertising executive, who hires a male secretary. His job is to escort and protect her from predatory business men from whom she wangles fat advertising contracts; or to appease their wives who feel their husbands are spending too much time in "business conferences" with the beautiful Miss Russell. During all this, MacMurray is to keep his distance. Of course, you know what the end will be, but even knowing it doesn't detract from the enjoyment of the plot or the excellent dialogue.

AROUND-THE-TOWN

The Stage Door Canteen in the swarming basement of the 44th Street Theatre crowded to the doors with men in all kinds of uniforms. Service men having a time of their lives—no liquor—but everything else is free. **American Theatre Wing** has done a bang up job. Entertainment is tops and the enthusiasm, genuine. The public is barred, but if you're in the Service and you hit New York it's the place to have a swell time. . . . Despite the dim out (for the duration the view from the **Rainbow Room** is no more) the place is a bee hive of activity. Saw an Army private doing a rhumba with a gray haired lady here that had my eyes bulging out with envy. . . . Gene Cavellero's **Colony Restaurant** (61st & Madison) is getting its face lifted. The cocktail lounge will shortly become "The Tent." Nothing need be done about its cuisine. It's still the best in New York. . . . **The Penthouse Club** with its main windows overlooking the Park now has pleasant entertainment to keep its customers from wandering off. A dark haired lovely guitarist with a sweet voice serenades at tables, giving it just the touch one needs to start romances a-blooming.

Payment On Panama 5s

The National City Bank of New York, as fiscal agent, states that funds are available for an additional payment on account of interest represented by the Nov. 15, 1939, coupons on Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, in the amount of $6.86 per $25 coupon, and $3.43 per $12.50 coupon. The bank also states that funds are available for a partial payment on account of interest represented by the May 15, 1940, coupons in the amount of $14.46 per $25 coupon and $7.23 per $12.50 coupon. Payment is being made at the bank's offices, 22 William Street, New York.

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A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

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This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

R. H. Macy & Co., Inc.

$12,000,000

Ten Year 2½% Sinking Fund Debentures, due May 1, 1952

Dated May 1, 1942

Price 100% and accrued interest

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

LEHMAN BROTHERS

May 25, 1942

NSTA Bond Committee Reports Activities

Thomas Graham, Bankers Bond Company, Louisville, Ky., Chairman of the Defense Bond-War Bond Committee of the National Security Traders Association, has presented a report to the Association on its activities in promoting the sale of bonds during the last eleven months.

"For the entire period before the United States went into the war," Mr. Graham stated, "we had worked on the idea of coordinating the Treasury Department activities and the investment banking activities in the sale of Defense Bonds, and immediately on the declaration of war, offered the services of our organization in any way possible in aiding the Treasury Department in its sale of bonds.

"We advocated for some time after the declaration of war, changing the name from Defense Bonds to War Bonds.

"Congressman Emmet O'Neal, of the firm of O'Neal, Alden & Co., Louisville, was partly responsible for suggesting to the Treasury Department that the leaders in our industry be invited to participate in the program. The meeting a week later was held in January, and at the initial meeting our President, Mr. Herbert Blizzard, was invited. The fact that Mr. Blizzard was not asked to be present at subsequent meetings is a source of keen regret to us, as the task of raising war funds is one of first magnitude and requires cooperation on the part of everyone. We again pledge our best efforts towards this task.

"For some time we have advocated an open end issue. Recently the Treasury Department issued such bonds, namely, the 2½% issue due Dec. 15, 1967, but the books have been closed. These bonds should be available by subscription indefinitely.

"Your Committee has also advocated:

"1. An intermediate issue of long-term negotiable bonds to be sold to the average investor.

"2. That the services of the security business should be called on and at least the salesmen handling the retail sales should receive some small compensation for services rendered, as has so successfully been done in Canada. To expedite the program we felt that the banks and investment firms should be refunded their out-of-pocket expenses in this operation. We feel that the President of our organization should be available to the Treasury Department, or whatever governmental agency that handles the bonds, as it is the thought of your Committee that the members of the National Security Traders Association have more actual experience and contact with the retail investor at present than any other of the organizations of our industry.

"3. It was felt that for various reasons it would be advisable to revamp the whole set-up on offerings of all types of Government bonds and the controlling agency should be the Federal Reserve Board. The Treasury Department has its hands full at the present time with the other necessary fiscal operations of the Government.

"In conclusion: Your Committee has felt that every effort should be made by members of our organization and by the leaders of the various branches of the Government having to do with finances, to keep the security markets healthy so that it is possible to raise the necessary sums to successfully carry through the war effort.

"As the President of our organization has been granted a leave of absence to enter the Army Air Corps, the responsibilities suggested above would, naturally, devolve on Mr. Sener. I know of no group in the country that percentagewise has more men not only in the services, but more anxious to be of real service to their Government, than ours. Next to actually fighting, the raising of the necessary funds for the war effort seems to be the next most important task; and from long training, we certainly should be fitted to do the job.

"In a recent editorial on War Bonds, published in the Louisville "Courier-Journal," one of the leading newspapers in the South, appeared the following: 'Too little and too late is not only applicable to the theater of military operations.' "

Urged To Set Example In Purchasing War Bonds

Secretary of the Treasury Morgenthau on May 16 asked all employees of the Treasury Department in Washington and throughout the country—more than 67,000 persons—to set an example for all other Government workers by putting aside at least 10% of their pay every pay day for the buying of War Savings Bonds.

The Secretary announced that an "All-out for Victory" campaign would be conducted during the two-week period beginning June 1 to enroll every Treasury employee in the Government's Payroll Allotment Plan for systematic War Bond purchase. The sale of bonds and stamps for cash through so-called group agents will be discontinued in Government departments July 1, and a Payroll Allotment campaign similar to the Treasury's will soon be begun in all other departments and agencies of the Government.

Eliott Reported Missing

John Eliott, a partner in Gilbert Eliott & Co., New York City, and a son of Sir Gilbert Eliott, founder of the firm, now residing in England, joined the Royal Canadian Air Force and was one of those who volunteered for a low altitude attack on Rostock. His plane was shot down in the engagement and his fate is still unknown.

Oil Royalties Attractive

Oil royalties offer an interesting investment at the present time, according to Tellier & Company, 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since returns from royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, and also because this type of investment carries a substantial income tax deduction privilege. An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Company, from whom copies of the list may be had upon request—ask for Schedule "A."

Brokers Exonerated

Robert E. Rew and James Henry Ferdon Saier, officers of Robert E. Rew & Co., were acquitted of fraud charges in connection with sale of oil participation certificates. The chief witness against them was Archie H. Carpenter, a driller who had worked with them and who pleaded guilty to the charges of mail fraud and conspiracy. Both Mr. Rew and Mr. Saier testified that they had never offered the certificates as anything but speculations and their counsel charged that Carpenter had misled his clients and any fraud existing had been perpetrated by him.

Investment Trusts

(Continued from page 2023)

reflect the past rather than the present or the discernible future?

"What are some of the highlights of the railroad situation as it appears today?

"I. Heavy traffic and high earnings appear assured not only for the duration, but probably for an extensive reconstruction period to follow.

Stock—	1930 Earnings	1930 High	1941 Earnings	Price May 5, 1942
Atchison	12.86	242½	9.90	37
Atlantic Coast Line	7.59	175½	13.51	22
Great Northern pfd.	7.25	102	6.72	23¾
Illinois Central	6.02	136¾	6.95	5⅞
Kansas City Southern pfd.	6.92	70	8.79	*16½
Kansas City Southern com.	2.04	85⅜	1.97	3⅝
Louisville & Nashville	5.65	138½	16.65	*65
New York Central	7.21	192¾	4.07	7⅜
N. Y. Chic. & St. L. pfd	12.20	110¾	35.19	43¼
Northern Pacific	6.94	97	3.13	5⅜
Pennsylvania	5.29	86⅝	3.98	20⅝
Southern Pacific	8.34	127	9.21	11⅜
Southern Ry. pfd.	15.37	101	32.28	26¾
Union Pacific	15.63	242¾	11.19	71½
Averages	8.52	136.32	11.68	25.71

*Bid. No sales May 5, 1942.

"2. The Railroads have outstandingly favorable excess profits tax positions. A great majority of roads can record earnings substantially in excess of even the 1941 figures without excess profits tax liability either under the present law or the proposals of the Treasury or the Ways and Means Committee.

"3. This means that high earnings can be largely retained to improve financial positions, reduce debt and establish post-war cushions.

"4. Net income of Class I railroads for the first quarter of 1942 is estimated to have exceeded 1941 figures by 40% ($98,000,000 vs. $69,035,000) although increased freight rates were in effect for only the last two weeks of the 1942 quarter.

"5. Thus the railroads, as a class, seem likely to equal or exceed last year's net earnings in 1942, even after application of the prospective new tax law. We know of no other industry of which this can be said."

The "Letter" goes on to point out that the rails listed in the comparison are the issues currently held in the Railroad Series of New York Stocks, Inc. The performance of the series is compared with the Dow-Jones Rail average as follows:

	Dec. 31, 1941	May 4, 1942	% Chge.
Dow-Jones RR. Average	25.42	24.66	—2.9
N. Y. S. RR. Average	3.01	3.28	+8.9

Investment Company Briefs

Dividend Shares, Inc.:

As of April 30 approximately 90% of assets at market were invested in stocks of 99 corporations. Of these stocks, dividends have been paid on 96—representing 98% of invested assets—during the 12 months' period ended April 30, 1942. Net assets at market on April 30 were $29,802,714. Net income for the six months ended April 30, 1942 was $1,141,264 and net profits from the sale of securities was $214,864, compared with $946,720 and $267,480 respectively in the same period of 1941.

American Business Shares, Inc.:

On May 14 the directors voted a semi-annual dividend of 8c per share, payable June 1. Portfolio changes in April were as follows: Borg-Warner (900 shares), Electric Auto Lite (1800 shares) and Chesapeake & Ohio (2000 shares) were added to the portfolio; Ingersoll Rand was eliminated; holdings of Spicer Mfg. were increased and those of Cutler Hammer and Deere decreased. Bonds added during the month were Kansas City Southern 5/1950; Toledo, St. Louis & Western 4/1950; Continental G. & E. 5/1958; and Georgia Pw. & Lt. 5/1978. As of April 30, 1942 the ABS portfolio was diversified as follows: Common Stocks, 43.0% (Industrials, 32.1%; Rails & Rail Equips., 8.2%; Utilities, 2.7%); Preferred Stocks, 4.3%; Corporate Bonds, 19.0% (Industrials, 2.2%; Rails, 11.0%; Utilities, 5.8%); Government Bonds, 33.1%.

Calendar of New Security Flotations

OFFERINGS

R. H. MACY & CO., INC.

R. H. Macy & Co., Inc., filed a registration statement with the SEC for $12,000,000 of 10-year 2½% sinking fund debentures, due May 1, 1952

Address—Broadway and 34th St., New York City

Business—Company and its three principal subsidiaries are engaged in the operation of a department store business generally and activities incidental thereto; principal store, directly operated by the company, is located at Broadway and 34th St., New York City

Underwriting—Names of the underwriters, and the principal amount of the debentures to be underwritten by each, are as follows (all of New York City, unless otherwise noted):

Lehman Bros.	$2,000,000
Goldman, Sachs & Co.	2,000,000
A. G. Becker & Co., Inc., Chic.	650,000
Blyth & Co., Inc.	650,000
Glore, Forgan & Co.	650,000
Harriman Ripley & Co., Inc.	650,000
Hallgarten & Co.	400,000
Hayden, Stone & Co.	400,000
Hemphill, Noyes & Co.	400,000
Wertheim & Co.	400,000
J. S. Bache & Co.	250,000
Kidder, Peabody & Co.	250,000
Merrill Lynch, Pierce, Fenner & Beane	250,000
White, Weld & Co.	250,000
Emanuel & Co.	200,000
L. F. Rothschild & Co.	200,000
Dean Witter & Co., San Fran.	200,000
Kuhn, Loeb & Co.	1,100,000
Dillon, Read & Co.	1,000,000

Proceeds will be used to pay certain of the outstanding notes and debt of the company and its subsidiaries, and for working capital

Registration Statement No. 2-5000. Form A-2 (5-14-42)

Effective 1 p. m. EWT on May 23, 1942

Offered May 25, 1942, at 100 and interest

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for 49,666 shares of cumulative preferred stock, $100 par value (dividend rate to be furnished by amendment), and 893,988 rights, latter to be issued in connection with issue of subscription warrants evidencing rights to subscribe for the 49,666 shares of preferred stock

Address—New York, N. Y.

Business—Engaged in manufacture and sale of cigarettes and smoking tobaccos, principally "Philip Morris," "Paul Jones," "Marlboro" and "English Ovals" cigarettes

Proceeds will be used to reduce outstanding bank loans

Registration Statement No. 2-4994. Form A-2. (5-5-42)

Philip Morris & Co., Ltd., Inc., filed an amendment with SEC on May 11, 1942, disclosing that its 49,666 shares of cumulative preferred stock, $100 par, would bear a dividend rate of 4½%. The shares of preferred stock will first be offered to common stockholders for subscription, through warrants, and the unsubscribed portion of the preferred stock will then be offered to the public. The public offering price per share will be furnished by later amendment. Today's amendment also lists the underwriters who will participate in the public offering of the unsubscribed portion of the preferred stock, with percent of unsubscribed preferred stock to be purchased, as follows:

Lehman Brothers, New York	9.0%
Glore, Forgan & Co., New York	9.0
Bear, Stearns & Co., New York	1.2
A. G. Becker & Co., Inc., Chicago	3.1
Branch, Cabell & Co., Richmond	.5
Alex. Brown & Sons, Baltimore	1.2
Frank B. Cahn & Co., Baltimore	1.0
Davenport & Co., Richmond	.5
R. S. Dickson & Co., Inc. New York	1.0
Dillon, Read & Co., New York	4.9
Dominick & Dominick, New York	2.3
Emanuel & Co., New York	1.0
Goldman, Sachs & Co., New York	4.4
Granbery, Marache & Lord, N. Y.	.5
Hallgarten & Co., New York	1.7
Harriman Ripley & Co., Inc., N. Y.	4.4
Ira Haupt & Co., New York	1.7
Hayden, Stone & Co., New York	4.4
Hemphill, Noyes & Co., New York	4.4
Hirsch, Lilienthal & Co., New York	.5
Hornblower & Weeks, New York	3.1
Jackson & Curtis, Boston	1.7
Kuhn, Loeb & Co., New York	4.9
Ladenburg, Thalmann & Co., N. Y.	4.4
Lazard Freres & Co., New York	3.1
W. L. Lyons & Co., Louisville	.5
Mackubin, Legg & Co., Baltimore	1.2
Laurence M. Marks & Co., N. Y.	1.2
Mason-Hagen, Inc., Richmond	1.0
Merrill Lynch, Pierce, Fenner & Beane, New York	3.1
Reinholdt & Gardner, St. Louis	1.0
Riter & Co., New York	1.2
Schwabacher & Co., San Francisco	1.7
Scott & Stringfellow, Richmond	1.7
I. M. Simon & Co., St. Louis	.5
Stein Bros. & Boyce, Baltimore	.5
Stern Bros. & Co., Kansas City	1.0
Stifel, Nicolaus & Co., St. Louis	.5
Swiss American Corp., New York	1.0
Union Securities Corp., New York	4.4
G. H. Walker & Co., St. Louis	1.2
Watling, Lerchen & Co., Detroit	1.0
Wertheim & Co., New York	1.7
White, Weld & Co., New York	1.7

Offering—The 49,666 shares of 4½% cumulative preferred stock were offered for subscription at $102 per share to common stockholders of record May 15 in ratio of one share of preferred for each 18 shares of common stock held. Rights expired May 25. The unsubscribed shares (17,609) were offered by the underwriters May 27 at $102 per share

Registration effective 4:30 P. M., ESW time on May 14, 1942

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for $6,000,000 20-year 3% debentures, due May 1, 1962

Address—119 Fifth Ave., New York City

Business—Engaged in the manufacture and sale of cigarettes and smoking tobaccos, principally the Philip Morris cigarette

Underwriting—Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y., are named principal underwriters; names of the others will be furnished by amendment

Proceeds will be used, to the extent necessary, to the payment of the unpaid balance of outstanding bank loans of the company, and for working capital

Registration Statement No. 2-4999. Form A-2 (5-13-42)

Offering—The $6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, MAY 30

HINMAN AVENUE BUILDING CORP.

Lucius Teter, et al, Trustees of Hinman Avenue Building Corp., filed registration statement with SEC for Voting Trust Certificates covering 1,848 shares common stock, no par value, of the corporation

Address: Trustees—135 S. LaSalle St., Chicago; Corporation—38 Dearborn St., Chicago, Ill.

Business—The corporation owns and operated an apartment building in Evanston, Ill. All outstanding stock of the corporation are held by an agent for the voting trustees under a voting trust agreement dated Dec. 22, 1932

Offering—Trustees propose to invite holders of outstanding stock of the corporation to deposit their certificates representing such stock, in receipt of voting trust certificates therefor. The present trust agreement expires Dec. 22, 1942, and it is the present intention to extend such agreement to Dec. 22, 1952

Registration Statement No. 2-4998. Form F-1 (5-11-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendment filed May 15, 1942, to defer effective date

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed May 7, 1942 to defer effective date

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Amendment filed May 18 to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. **registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961**

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s. 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed May 23, 1942, to defer effective date

DESPINA GOLD MINES, LTD.

Despina Gold Mines, Ltd., **refiled** a registration statement with the SEC for 1,030,000 shares common stock, $1 par

Address—Montreal, Quebec, Canada

Business—Company is engaged in the gold mining business

Underwriting—Underwriter is Canadian Securities Distributors

Offering—The 1,030,000 shares of common stock will be offered to the public at 35 cents per share; 1,000,000 shares will be offered for the account of the company, and the remaining 30,000 shares for the account of a selling stockholder

Proceeds to company will be used for working capital purposes

Registration Statement No. 2-4636, refiled with SEC 4-30-42

Registration effective but apparently deficient at 5:30 p. m. EWT on May 19, 1942

Withdrawal request filed May 25, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 22, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

Amendment filed May 14 to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — **Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women**

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed April 14, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. **registered with SEC 140,400 shares common stock**, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—**Schroder, Rockefeller & Co.,** Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed May 18, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp. on May 21, 1942, filed an amendment to its registration statement disclosing that it now proposes to sell $4,000,000 3¼% sinking fund debentures due June 1, 1957. The offering price to the public will be supplied by amendment

Previously in its original registration statement filed with the SEC on March 30, 1942, the company proposed to sell 50,000 shares of 4½% cumulative convertible preferred stock, par value $40 per share. The original statement also covered 105,000 shares of no par common which were to be reserved for the conversion of the proposed new convertible preferred stock

Address—60 Boston St., Salem, Mass.

Business—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

The underwriters and the amounts of debentures which they have agreed to purchase from the company are as follows:

Jackson & Curtis, Boston	$950,000
White, Weld & Co., Boston	625,000
Lee Higginson Corp., Boston	625,000
Estabrook & Co., Boston	475,000
Merrill Lynch, Pierce, Fenner & Beane, New York	475,000
Putnam & Co., Hartford, Conn.	140,000
Hale, Waters & Co., Inc., Boston	130,000
Graham, Parsons & Co., Phila.	100,000
Whiting, Weeks & Stubbs, Inc., Bost.	100,000
Yarnall & Co., Philadelphia	70,000
Minsch, Monell & Co., Inc., N. Y.	70,000
Mackubin, Legg & Co., Baltimore	50,000
Stein Bros. & Boyce, Baltimore	50,000
Brush, Slocumb & Co., San Fran.	35,000
Herbert W. Schaefer & Co., Balt.	35,000
van Alstyne, Noel & Co., N. Y.	35,000
Wyeth & Co., Los Angeles	35,000

Proceeds will be used to repay approximately $2,075,000 of bank loans, of which $968,000 were incurred for plant extension and equipment, and the balance will be added to the company's working capital. Amendment states additional working capital is needed to carry increased inventories and accounts receivable resulting from expanded activity in manufacturing and from the increased volume of sales of the company, particularly of tubes and other products for direct and indirect war uses

Registration Statement No. 2-4974. Form A2 (3-30-42)

Amendment filed May 20, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 23, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Amendment filed May 25, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. **has** filed a registration statement with **the** SEC for **92,792 shares of common stock,** $1 par value

Address—Detroit, Mich.

Business—Company is **engaged in the** manufacture and sale of service tools **for** use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common **stock** will be sold to the public for the **account** of the company; the remaining 67,917 shares registered are already issued **and** outstanding, and will be sold to the **public** for the account of certain selling **stockholders**. The public offering price is **$4.20** per share

Proceeds will be used for the **purchase** of machinery and equipment and for **working** capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed May 22, 1942, to defer effective date

PUBLIC SERVICE ELECTRIC & GAS CO.

Public Service Electric & Gas Co. filed a registration statement with the SEC for $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972

Address—80 Park Place, Newark, N. J.

Business—This operating public utility company, a subsidiary of Public Service Corp. of New Jersey, is engaged primarily in the production and purchase of electric energy and manufactured gas and in the distribution and sale thereof in the State of New Jersey, including Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth, Bayonne, Hoboken, Passaic, Perth Amboy and New Brunswick

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act. Names of underwriters, and the public offering price, will be furnished by amendment

Proceeds will be added to company's cash funds; cash funds have been and are to be called upon, among other things, for expenditures in the ordinary course of

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business for property additions and improvements

Registration Statement No. 2-4995. Form A-2. (5-5-42)

Bids Asked—The company has asked for proposals for the purchase from it as a whole of $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972.

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 25, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. **R. N. Webster** may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 22, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed May 15, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed May 12, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed May 22, 1942, to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. on April 29, 1942, filed amendment registration statement, disclosing that it now proposes to sell, under the competitive bidding rule of Holding Company Act, $26,000,000 of first mortgage 3¾% bonds, due Feb. 1, 1972, and $10,500,000 of sinking fund debentures, due May 1, 1957; debentures are to bear interest at not exceeding 5% per annum, with specific interest rate to be supplied by later amendment.

Previously, in its original registration statement filed with SEC Dec. 13, 1941, company then proposed to sell $22,800,000 first mortgage 3½s, due 1971, $5,700,000 2½% to 3½% serial notes, due Dec. 1, 1951, 70,000 shares 5¼% cumulative preferred stock, $100 par, and 628,333 shares common stock no par.

Address—117 S. Washington St., Alexandria, Va.

Business—**Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system**

Net proceeds from the sale of the $26,000,000 3¾% bonds and the $10,500,000 debentures, will be used as follows: $37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; $360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

Public offering prices, and names of the underwirters, will be furnished by post-effective amendment to the registration statement

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendment filed May 14, 1942, to defer effective date

Registration effective 5:30 p. m., EWT, on May 25, 1942

Public Invitation for Sale of Securities—Company has advertised for the sale of the bonds and debentures. All bids must be presented to the company at room 2601, 61 Broadway, N. Y. City, before 12 o'clock noon, EWT, on June 2 and addressed to attention of W. E. Wood, President. Each bid covering the purchase of the debentures shall specify the coupon rate, which shall be a multiple of ⅛%, but shall not be more than 5%

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed **a registration statement with the SEC for 453,691** shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of John C. Kappleman to Leslie Harman will be considered on June 4.

Aldo R. Balsom, a special partner in Gammack & Co., New York City, will become a general partner on June 1, on which date John D. Warren, a general partner in the firm, will become a special partner.

Eugene J. Weston, M. Herbert Oettinger, M. Loth Newburgh, Alvin P. Bohmer, John M. Warden, Baylor Landrum, F. Pennington Kemp, and Samuel Clay Lyons are retiring from partnership in W. L. Lyons & Co., Louisville, Ky.

Norman C. Lee retired from partnership in Fellowes Davis & Co., New York City, effective April 30.

E. Worthington Walters withdrew from partnership in Hicks & Price, Chicago, effective May 15.

Bernard Aronson & Co., as of May 17, and Gengler Brothers, as of March 16, have become inactive during the period that all active general partners engage in War service.

J. C. Louis & Co., as of May 2, and Wilbur F. Smith & Co., as of April 1, have ceased dealing with the public during the period that all active office partners are in War service.

Howe & Co., New York City, will dissolve as of May 31.

Montevideo Bond Exch. Offer Period Extended

Juan Carlos Blanco, Ambassador for the Republic of Uruguay, is notifying holders of City of Montevideo (Republic of Uruguay) external sinking fund 6% gold bonds, series A, dated Nov. 1, 1926, due Nov. 1, 1959 and 7% sinking fund gold bonds, dated June 1, 1922, due June 1, 1952, that the offer of exchange for bonds of the Republic has been amended as of May 25, 1942, to extend the period for the exchange, and to furnish certain supplementary information. The announcement also states that copies of the amended prospectus and form letters of transmittal for the 6% bonds may be obtained from Hallgarten & Co., 44 Wall Street, New York. On the 7% bonds, copies of prospectus and letters of transmittal may be obtained from Dillon, Read & Co., 28 Nassau Street, New York.

Customers' Brokers Announce 1942-3 Slate

The Association of Customers Brokers announces that Armand E. Fontaine, Merrill Lynch, Pierce, Fenner & Beane, has been nominated for president to succeed Thomas B. Meek. Allyn C. Donaldson, Francis I. du Pont & Co. and Chisholm & Chapman, was renominated for vice-president. Donald C. Blanke, Eastman, Dillon & Co., was named treasurer, and Douglas V. Ellice, Fahnestock & Co. for secretary.

Named to the executive committee for four year terms are Mr. Meek; John W. Tuffy, Hirsch, Lilienthal & Co.; Standish M. Perrin, Winthorp, Whitehouse & Co.; and Richard G. Horn, Peter P. McDermott & Co. Nominated for three year terms: Anthony A. Smith, G. H. Walker & Co., and John F. Power, Eastman, Dillon & Co.; for one year terms: Ernest Hockstuhl, Stokes, Hoyt & Co.; Lionel C. Stern, Ward, Gruver & Co.; and Percy Friedlander, Astor & Ross.

Chairman of the nominating committee was William McK. Barber, Maynard, Oakley & Lawrence.

Elections will be held at 20 Broad Street, New York City, on June 9.

Foreign Trade Bankers To Meet In Canada

The annual convention of the Bankers Association for Foreign Trade of which Harry Salinger, Vice-President of the First National Bank of Chicago, is President, will be held at the Seigniory Club, Quebec, Canada, on June 4 and 5. Various phases of international trade will be discussed and included among the speakers will be Graham F. Towers, Governor of the Bank of Canada and Chairman of the Foreign Exchange Control Board; P. A. Kinnoch, Vice-President, American Trust Co., San Francisco; I. C. Raymond Atkin, Vice-President of J. P. Morgan & Co.; Wilbert Ward, Vice-President, the National City Bank of New York, New York City; Egil Mack, Vice-President Seattle First National Bank, Seattle, Wash., and Philip P. McGovern, Assistant Vice-President, Manufacturers Trust Co., New York City. The Secretary of the Association, Fred B. Tedford, Assistant Vice-President of the First National Bank of Chicago, is in charge of arrangements.

Lehman Vetoes Quarterly Payments Of NY State Tax

Governor Lehman has vetoed the bill which would have permitted quarterly installment payments of the State income tax in 1943. This measure would also have advanced permanently the beginning of the fiscal year from July 1 to April 1 in 1944.

Disapproval of this measure had been urged by the New York Board of Trade on the ground that its objections far outweigh its advantages. Percy C. Magnus, President of the Board of Trade, contended that all lines of business in the State, especially the small businessman, would be seriously affected by the provision in the bill requiring corporations to file their returns and pay at least half of their State franchise tax on March 15, instead of May 15. He added that the duplication of Federal and State income tax payments on March 15 and the necessity of filing separate returns on the same date would make the law almost impossible to comply with.

Speer Administrative Asst. At Naval Air Station

CHICAGO, ILL. — Lieutenant Paul Dee Speer, who recently completed preliminary training as an Aviation Volunteer (Specialist) at Quonset Point, R. I., has been notified that he is to remain at that Naval Air Training Station for an indefinite period to assist in administrative duties.

Lieutenant Speer, until his enlistment, was a vice president and director of H. C. Speer & Sons Company, Chicago's oldest bond house dealing exclusively in tax exempt securities. The firm was established by his grandfather, the late Henry Clay Speer, in 1885. His father, William W. Speer, has devoted his entire business career to the firm and is currently serving as chairman of the board. Bert M. Kohler, who recently celebrated his 25th year with the firm, is president, having served in that capacity since March 15, 1939.

Retire Coffee Bonds

J. Henry Schroder Banking Corp., New York, announces that a total of £231,100 — nominal amount of the sterling issue—and $1,025,000—nominal amount of the dollar issue—of the State of San Paulo 7% Coffee Realization Loan of 1930 have been retired, pursuant to the offer of the National Coffee Department of Sept. 2, 1941, and the sinking fund requirements for the fourth six-months' period ending March 31, 1942. These bonds have been cancelled, leaving the following amounts of bonds outstanding:

£5,611,700	of the sterling Tranche
$14,646,000	of the dollar Tranche

According to advices received from Banco de Commercia e Industria de Sao Paulo, S. A., Sao Paulo, Brazil, there remain 1,352,336 bags of government coffee and 5,979,585 bags of planters coffee pledged for the loan.

The retirement plan was reported in these columns of Sept. 4, page 19.

Lehman, Glore Forgan Sell Tobacco Issues

Lehman Brothers and Glore, Forgan & Co. headed an underwriting group which on May 27 offered 17,609 shares of Philip Morris & Co., Ltd., Inc., cumulative preferred stock 3½% Series at $102 per share. This offering represents the balance of the 49,666 shares not subscribed by warrant holders and not sold by underwriters during the subscription period, which began May 16 and ended at 3 p.m. on May 25. The identical group also on May 27 offered $6,000,000 of 20-year 3% debentures due May 1, 1962, at 102%.

Of the proceeds of the financing, approximately $8,000,000 will be applied to the repayment of bank loans, the balance being added to the company's working capital.

On the completion of this financing, the outstanding capitalization of the company will be $6,000,000 of 20-year 3% debentures due May 1, 1962; 198,657 shares of cumulative preferred stock ($100 par) consisting of 148,991 shares of the 4¼% Series and 49,666 shares of the 4½% Series; and 893,993 shares of common stock ($10 par).

The new preferred stock is identical with existing preferred stock as to preferences, differing only in dividend rate and call prices. Both issues of preferred stock are entitled to the benefit of a sinking fund in an annual amount sufficient to redeem 1% of the total number of shares outstanding at the end of the preceding fiscal year.

The $6,000,000 of 20-year debentures are a direct obligation of the company but are not secured.

The principal product of Philip Morris & Co., Ltd., Inc., is the cigarette "Philip Morris (English Blend)," net sales of which constitute 92¼% of the company's total sales volume for the year ended March 31, 1942. Because of the increasing success of the Philip Morris (English Blend) cigarette, the company's sales volume has increased yearly since 1934. For the 11 months ended Feb. 28, 1942, sales amounted to $103,027,091. Other products of the company consist of the cigarette brands Paul Jones, Dunhill Majors, English Ovals, and Marlboro, and the smoking tobaccos, Bond Street and Revelation.

[The underwriters of the two issues, in addition to Lehman Brothers and Glore, Forgan & Co., are listed under "Calendar of New Security Flotations" elsewhere in this section.]

Curb Members Vote To Up Commission Rates

An increase in commission charges on stocks was voted by members of the New York Curb Exchange on May 26. When the ballots were counted it was revealed that of the 245 votes cast, 177 members were in favor of the increased rates. The new schedule went into effect at the opening of business on May 27. Regarding the new rate, the Exchange's announcement stated:

"The minimum non-member commission charge on transactions involving $100 or more has been raised from $3 to $5. At $90 a share and above a uniform commission of $35 per 100 shares will be charged. On stocks selling 8/32nds of $1 and under 50¢ the new rate is $2 per 100 shares, as compared with $1.50 formerly. For stocks selling at 50¢ and up to $10 a share there is a flat increase of $1 per 100 shares. The commissions increase progressively at the rate of ¼ of 1% of the selling price on stocks selling over $10 and under $90 per share.

"Member give-up rates are increased approximately 10% for stocks selling at 8/32nds of $1 and over. Commissions on clearance rates for stocks selling at 8/32nds of $1 and over are increased 10% and over.

"Bond commission rates were not changed."

The Exchange also says:

"The Committee on Communications and Commissions, after weeks of study and discussion, during which time members of the Exchange submitted numerous ideas and proposals for changes in the schedule of rates, submitted the final proposed schedule to the Board of Governors at its meeting of May 6. Following approval by the Board, the proposed changes were presented to the members for voting [referred to in these columns May 14, page 1855].

"Members of the Exchange also voted in favor of an amendment to Article IV, Section 5(d) of the constitution which clarifies the status of temporary member firms. Formerly, on the death of a regular member partner, the firm ceased to be a member firm and could not be admitted to temporary member firm status until an application for such status was filed and approved by the Exchange. The new amendment provides that pending the consideration of an application for temporary member firm status, such firm shall continue to enjoy the privileges and be subject to the obligations of a temporary member firm, provided they satisfy such requirements as the Committee on Admissions may prescribe."

Frank K. Tracy Now With Gross, Martin Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Frank Kirk Tracy has become affiliated with Gross, Martin & Co., 639 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Tracy was formerly with Bogardus, Frost & Banning and in the past was a partner in Kerr & Bell and its predecessor, J. D. Kerr & Co.

Eagle Lock Co.
R. Hoe & Co.
COMMON
American Hair & Felt
Chicago Rapid Transit 6s & 6½s
•
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway, N. Y. BOwling Green 9-7030
Bell Teletype NY 1-61

Market Transactions In Govts. For April

Market transactions in Government securities for Treasury investment and other accounts in April, 1942, resulted in net purchases of $300,000, Secretary Morgenthau announced on May 15. This compares with net purchases of $5,814,450 in March.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—		
May	$387,200	purchased
June	934,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or	purchases
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$2,500	sold
October	200,000	sold
November	No sales or	purchases
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased
April	300,000	purchased

N. Y. Municipal Forum Nominates '42 Slate

The Nominating Committee of the Municipal Forum of New York has presented the following slate of officers:

Charles F. Aufderhar, Jr., The Savings Banks Trust Company, to succeed Craig S. Bartlett, First National Bank of Jersey City, as President; John J. Rust, Equitable Securities Corporation, to succeed Mr. Aufderhar as Vice-President; Elmo P. Brown, United States Trust Company, to succeed Floyd F. Stansberry, Bankers Trust Company, as Secretary; Harold H. Hahn, Thomson, Wood & Hoffman, has been renominated for Treasurer.

Named for three-year terms as Governors are Arnold Frye, Hawkins, Delafield & Longfellow, and William W. Mezger, Graham, Parsons & Co.

Members of the nominating committee are: Sheridan A. Logan, Chairman; Cushman McGee, William A. Schlicht, John A. Stephenson, Jr., and Austin J. Tobin.

Don't Lose Perspective

An analysis of the current situation in the field of ocean marine insurance has been prepared for distribution by the Bank and Insurance Stocks Department of Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., entitled "Don't Lose Your Perspective." Analyzing the cases of a number of the leading insurance underwriters, the analysis points out that many of these companies have been in business for from one hundred to one hundred and fifty years and have withstood crises extending over the entire history of our nation, both in war and in peace time.

Copies of this interesting analysis, which also contains comparative figures showing the approximate effect of war risk ocean marine hull losses on "Syndicate C" subscribers based on their percentages of participation, may be had from Mackubin, Legg & Company upon request.

E. A. C. Keppler Dies

Emil Alexander Carl Keppler died at his home after a long illness; he was seventy years old.

Mr. Keppler was formerly senior partner in the Wall Street house of Keppler & Company and had been a member of the New York Stock Exchange. For a number of years he was a professor of languages at Columbia University and was the author of several books of poetry.

Rubber, A Vital Industry In War & Post War Period

In view of the dominating role in the news now played by rubber, Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, have issued a timely study prepared by Charles Kennard, of the firm. The study presents a comprehensive picture of the overall rubber situation in an effort to clarify much of the confusion now existing. Messrs. Nelson and Newhall held a special joint press conference last Friday to emphasize the seriousness of the rubber shortage and the study issued by Smith, Barney & Co. supplies much of the background of this shortage. It states that in normal times approximately 75% of our rubber consumption is for tires and tubes and that the economic and industrial life of the country is built around the automobile. It shows that, according to the last figures given by Leon Henderson, even after a cut in allocations of 25%, requirements for military and essential civilian purposes of the United Nations will be at least 700,000 tons a year, and that such requirements do not include a single pound of rubber for the civilian passenger automobile.

Stocks of rubber and the remaining sources of supply are analyzed and a detailed discussion is given of the various types of synthetic rubber, of the program for the construction of synthetic rubber plants, and of the time schedule and costs of such program. It is shown that if none of our remaining sources of supply such as Ceylon are cut off, and if the most optimistic time schedules on synthetic rubber production are realized we will just about be able to meet the essential requirements of around 700,000 tons a year during the next three years, leaving no crude rubber for the civilian passenger car.

The potentialities of reclaimed rubber in relieving the shortage are discussed and it is stated that a satisfactory recapping material can be made from reclaimed rubber with only two ounces of crude rubber. It is shown, however, that until it is reasonably certain that our essential requirements can be kept down to the bare minimum of 700,000 tons, that our few remaining sources are not interrupted and that our most optimistic time schedule on synthetic rubber production can be realized, no reclaimed rubber can possibly be made available for the unessential civilian driver. The reclaimed rubber will be used to supplement or replace crude rubber in our war and essential requirements and if in 1943 or 1944 we can recap with reclaimed rubber some of the tires of workers whose cars are essential to reaching their places of employment we will be very lucky.

Despite the gloomy outlook for the man in the street, the study goes on to state that the rubber industry should be reasonably busy processing rubber during the war period as, of the 700,000 tons of essential requirements of the United Nations, it is likely that at least 500,000 tons will be processed in this country which is more than was processed in 1938 and almost as much as in 1936 and 1937. Because of the intensive research now going on in the field and because of the superiority of certain characteristics of synthetic rubber and combinations of natural and synthetic, it is likely that the use of rubber will expand in the post-war period and that the rubber industry will handle a greater volume of business than in any pre-war period, the study says.

Nickle-Crone Opens

Nickle, Crone & Co., Limited, has opened offices at 30 Broad Street, New York City, to engage in a securities business.

Named For Cleveland Victory Fund Comm.

M. J. Fleming, President of the Federal Reserve Bank of Cleveland and Chairman of the Victory Fund Committee for the Fourth Federal Reserve District, announced on May 19 the appointment of the following to serve with him as members of the Victory Fund Committee:

C. W. Enyard, President, the First-Central Trust Co., Akron.
J. B. Root, President, the Geo. D. Harter Bank, Canton.
C. W. Dupuis, President, the Central Trust Co., Cincinnati.
J. J. Rowe, President, the Fifth-Third Union Trust Co., Cincinnati.
T. J. Davis, President, First National Bank, Cincinnati.
J. C. McHannan, Chairman Central National Bank, Cleveland.
George Gund, President, Cleveland Trust Co., Cleveland.
L. B. Williams, Chairman, National City Bank, Cleveland.
O. L. Cox, President, Union Bank of Commerce, Cleveland.
J. H. McCoy President, City National Bank & Trust Co., Columbus.
W. H. J. Behm, President, Winters National Bank & Trust Co., Dayton.
J. T. Rohr, President, Toledo Trust Co., Toledo.
G. C. Brainard, President, General Fireproofing Co., Youngstown, and Chairman of the Board of Federal Reserve Bank of Cleveland.
C. A. McClintock, President, the Colonial Trust Co., Pittsburgh.
F. F. Brooks, President, First National Bank, Pittsburgh.
Clarance Stanley, President, the Union Trust Co. of Pittsburgh.
Maynard H. Murch, of Maynard H. Murch & Co., Cleveland.
Daniel W. Myers, of Hayden, Miller & Co., Cleveland.
Reamy E. Field, of Field Richards & Co., Cincinnati.
Ewing T. Boles, Ohio Corporation, Columbus.
Hazen Arnold, of Braun, Bosworth & Co., Toledo.
Hugh D. MacBaine, Mellon Securities Co., Pittsburgh.

This committee is one of 12 which Secretary Morgenthau recently announced would be set up throughout the country to aid the Treasury's war financing program (see issue of May 21, page 1950). The members of the New York Victory Fund Committee were indicated in the same issue, page 1944.

Purchase Limit Raised On F and G War Bonds

Secretary of the Treasury Morgenthau announced on May 25 that the limitation on purchases of Series F and G War Bonds in any one calendar year will be raised from $50,000 to $100,000, effective July 1. Series F Bonds are designed for the larger investors, for trustees, for reserve funds, while Series G bonds is a current income bond intended for both small and large investors. Both series have a 12-year maturity and carry a return of about 2½% if held to maturity.

The change in the purchase limitation for these bonds does not affect the Series E bonds. Purchase of this latter issue, intended chiefly for people of small income, is restricted to individuals with a limit on holdings to $5,000 maturity value of bonds issued in any one calendar year. The issuance of the bonds a year ago was detailed in these columns April 26, 1941, page 2627.

Bond Club To Hear Dewey

Thomas E. Dewey will address the Bond Club of New York at its luncheon meeting today to be held at the Bankers Club. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

Brown & Sharpe
Merrimac Mfg. Co.
World's Fair 4s, 1941
Evans Wallower Zinc
Panhandle Eastern Pipeline Co.
5.60 Preferred
South American Bonds
Mexican Bonds
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

Unemployment Shows Decline In March

A decline of 850,000 in the number of jobless persons in the United States in March brought total unemployment in the United States down to slightly less than 3,500,000, according to the Conference Board, New York. A decline of 300,000 in February marked the first check in an upward trend in unemployment which began from a low point last September and reached 4,665,000 in January. Commenting on the March decline, the Board's report says:

"Rapid conversion to war production during the first quarter has reversed the steadily upward trend of unemployment that began last September. The turning point in the growth of 'priorities unemployment' came in February when an initial decrease in unemployment of 300,000 was reported. War production and industrial employment were further expanded to reduce the number without jobs in March by 850,000. By the close of the first quarter, the total number of unemployed had fallen to slightly below 3,500,000, compared with 4,700,000 at the start of the year. For each person unemployed at the end of March of this year there were about two persons without jobs a year ago and almost three persons two years ago."

The Board also states:

"As compared with the unemployment total of 6,635,000, for March, 1941, this March's total represented a decline of 3,155,000.

"The total number of persons employed, including the armed services, rose from 50,714,000 in February to 51,313,000 in March as compared with 48,021,000 in March of last year. Since the start of the year, 1,300,000 persons have found employment in industry or in the armed forces. In addition to the 700,000 taken on in agriculture, slightly more than 200,000 were absorbed in the basic industries, while almost 400,000 were added in the service industries, including the armed forces. Meanwhile, the number on WPA and the other emergency employment receded to 1,278,000, a reduction of almost 100,000 since January."

Hammel & Co. Formed; New Municipal Firm

Hammel & Co., Inc., has been formed with offices at 149 Broadway, New York City, to act as dealers and brokers in general market municipal bonds.

President of the new organization is Richard H. Hammel, who for the past 20 years has been associated with Brandon & Co. and its predecessor, Brandon, Gordon & Waddell of New York City, as Manager of their Municipal Trading Department.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; last—36½.

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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New Record Volume Of South American Trade Foreseen With Consequent Money Stabilization

The war is creating a great upsurge of trade among the 10 nations on the South American continent and the volume of their commerce among themselves undoubtedly will reach record heights in the latter years of the conflict, according to D. Stewart Iglehart, President of W. R. Grace & Co., and the Grace Line, which have been active in South American trade for nearly 90 years.

In a statement issued May 25, Mr. Iglehart, who has been a close observer of South America since he went there first as a resident manager of Grace Company interests more than 40 years ago, observes that "between 1914 and 1918 inter-South American trade nearly tripled, increasing from 130 millions of dollars to more than 410 millions," and he states that "ever since the first World War inter-South American trade volume has remained on a higher level, the annual total never falling below the 1914 figure except in the low year of 1932." Mr. Iglehart continued:

> Every indication now is that South American commercial history in this war is going to repeat itself. The increase in the trade of the 10 nations among themselves has already started in large volume, total exports of all Latin American nations to their neighbors having expanded 20% between 1939 and 1940. Incomplete figures for 1941 forecast that the relative increase for that year will be even larger.
>
> Gratifying though it is, the increase of trade among the South American nations by no means satisfies their need for many manufactured articles which they do not make. For these they look to the United States but the shortage of such products here and lack of shipping space southbound combine to deny our neighbors many things needed for their economic life. This is a hardship to them of which Washington is conscious and no doubt seeking to remedy.
>
> If the 1914-1918 ratio recurs in this war period inter-South American continental trade in 1943 should reach a total of 600

(Continued on page 2040)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

A lot of the more farsighted Washington correspondents have been doing a lot of thinking the past week about whom, when the war is victoriously over, will get the credit for it, I mean the credit for the victory, not the war.

Heroes galore have been pouring in on us: Bulkeley, Doolittle, Wheless, O'Hare and the spirit of Colin Kelly, etc. These young men have accomplished a tremendous lot. They went out to the battlefronts and made good. Undoubtedly, too, they were of that breed that used to skirt around the corner screechingly on two wheels and make all of us say: Those boys will never come to any good end. They are the representatives of the generation that was "soft," the representatives of that generation about whom we elders used to speak despairingly as the "ne'er do wells."

It so happens that those boys are giving a right good account of themselves.

But in spite of this, and with all their medals, can they possibly compete in the after-war period, with the more articulate men prevalent in Washington who will undoubtedly insist that they were the ones who won the war, who, indeed, are now insisting that they are the main front.

I am speaking of the psychological warfare boys. Every night we hear on the radio and every day we read in the public print, the efforts of these psychological boys. It is a study of the human mind that they think that the Bulkeley's, the Wheless's, the O'Hare's, etc.—while they are nice young fellows—have really not made a major contribution. All they have done is to be shot at and to shoot at them. But they are not among our group of thinkers. They are not men of words. With the exception of Doolittle who has had experience with the press for a long time, no one of them has the knack of telling his story. No one of them is a talkative man. No one of them is good with the pen.

Manifestly, then, they can't figure in on the great overall battle, the decisive battle, the battle

(Continued on page 2041)

One Reader Says...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

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**General Counsel U. S. Savings and Loan League, Chicago.*

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THE FINANCIAL SITUATION

In the course of an evidently carefully prepared and, on the whole, admirable address last week, ex-President Hoover remarked that "dictatorial economic powers" in the hands of the President, or "just plan fascist economics" were essential to the winning of the war. So much attention has been attracted to this assertion of Mr. Hoover that there is danger that his main theme will be neglected. His real message was to the effect that we should surrender as few of our traditional liberties as possible, and that those necessarily surrendered should be restored as soon as possible after hostilities cease. We should, he said in effect, insist upon the maintenance of the essentials of free speech, and a free press, not only because they are valuable even in war time but by reason of the fact that they will be the most potent of weapons for use in the restoration of all other freedoms we feel obliged to surrender "for the duration." He defended the right to criticize even the President, war or no war, and pled calmly but strongly for less intolerance of those who before Pearl Harbor thought we should remain at peace and he denounced the "smear" tactics for the recent years so much practiced in political circles.

An Important Issue

Whatever may be thought of his assertion about "plain fascist economics" in times of war, he raised a most important issue at a time when it gravely needed airing, and his words for the most part were plainly words of wisdom. Yet it appears to us that one aspect of this present danger of losing our freedom, economic as well as other, permanently was overlooked. To be sure, nothing could be more important than preservation of freedom of speech and of the press within those limits imposed by the necessity of winning the war. They are the tools upon which we must rely in preserving our liberty as far as may be during the war and of regaining it all after peace comes. They are, however, after all, but the tools with which we

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Political vs Business Planning

We of American business are planning for the future, fighting men, planning for your future and for ours.

It is an opportune time to reveal that the United States Chamber of Commerce, nationally representing American business and industry, is now working to find a solution to our post-war problems.

This is our pledge to you, men of the fighting forces: We will have jobs for you when you return to your country. * * *

***We cannot allow hundreds of thousands of men and women, hungry for employment, eager for a chance to use their talents, their brains and their energy, to go jobless in this land of hope and opportunity.*—Eric Johnston, President of the Chamber of Commerce of the United States.**

It is hardly "news" to the well informed that American business men, whether through their organizations like the Chamber of Commerce of the United States or in their own offices and laboratories, are planning for the post-war period.

Looking carefully and realistically to the future is their habit. That is the reason, or one of them, why American industry has made its record of achievement during the past century.

The trouble is that there are others who are planning, too, and their handiwork may well make it impossible for industry to accomplish what it otherwise might easily achieve.

It is encumbent upon the American people to see to it that *that* does not happen.

Over-Optimism On Early Victory Held Perilous

Secretary of State Cordell Hull, in a formal statement issued on May 23, warned the public against being too over-optimistic about an early victory over the Axis powers. Secretary Hull said in a statement read to his press conference that the "hard fight" will be won "only by the combined all-out efforts of all our people and all of the United Nations," adding that "we should accept our successes in a spirit of sober thanksgiving and meet our reverses with a grim determination to fight all the harder to ultimate and complete victory."

Mr. Hull had been reported as intimating at an earlier press conference (on May 20) that victory might come sooner than had been expected several months ago in view of recent encouraging developments at home and abroad. The issuance of the statement is regarded as intended to correct any erroneous impression that may have arisen from the May 20 reports.

Secretary Hull's statement of May 23 follows:

> I have noted with uneasiness that some of the American people, seeing the rapidly increasing strength of the United States and United Nations' successes in various places, are inclined to anticipate an earlier victory than they had heretofore expected. We can too easily be over-optimistic. We are in a hard fight which will be won only by the combined all-out efforts of all our people and all of the United Nations.
>
> We should accept our successes in a spirit of sober thanksgiving and meet our reverses with a grim determination to fight all the harder to ultimate and complete victory.
>
> I have said it recently, but I repeat because it is most important: "Victory will come sooner and with a vast saving in suffering, in life and in property in proportion as every man and woman in this country and each of the United Nations realizes the extreme danger from tne purposes of the worst barbarian leaders in all history who plan to conquer and brutally subjugate the world by methods of unparalleled savagery."
>
> Victory will be hastened by every additional ounce of effort which each one of us puts forth in a situation that is as threatening as if his own house were on fire. It will be delayed and will involve an incalculable and unnecessary increase in suffering and in losses with any weakening of such realization and with any lagging in effort and exertion.

New War Foods Board To Be Set Up: Nelson

Donald M. Nelson, Chairman of the War Production Board, revealed on May 21 that an over-all food requirements committee will soon be established under the WPB. Mr. Nelson's announcement was contained in a telegram read to the meeting of the Associated Grocery Manufacturers of America in New York City. He also disclosed that Secretary of Agriculture Wickard will probably head the new organization, which will include representatives of the armed forces, the office of Price Administration, the Board of Economic Warfare and the WPB.

Mr. Nelson's telegram said that the committee will "establish the policies and programs by which America's food supply will be produced and processed during the war," and added that an elaborate food administration will not be necessary since operating details will be handled by existing agencies.

Editorial—

"Fixed Value" Loans In Germany

An Experiment During The Runaway Inflation

By KARL KORANYI

With the progress of the currency depreciation after the first World War, distrust in the national currency of Germany became general. On pay-days, the housewife waited at the factory gates or at the office building in order not to lose an instant in exchanging her husband's earnings for tangible goods. Shopkeepers who found it more profitable to close their stores than sell their merchandise, were forced by law to sell for cash the goods which they had taken out of display or hidden away.

The flight from the currency had spread rapidly. Since about 1921, values expressed in that currency had become meaningless. At that time, a Berlin court fined a culprit 600 pounds of coal, and a municipal council leased a swimming pool to a club at the rent of the price of thirty large mugs of light beer as charged at a popular chain restaurant. In some big mining and metal concerns the salaries of top executives were fixed in pig iron or steel units.

Strange as it may seem at first, there was a scarcity of capital despite the abundance of money. As a matter of fact, for all practical purposes, the capital market did not function at all. The rapid fall in value of the currency had largely destroyed the incentive for saving or for the investment of idle funds.

In 1922, several big industrial companies were conferring with the aim of creating their own "stable value" currency when some financiers evolved the idea of issuing a new type of loan in which commodities served as the basis for calculation of the amount of subscription, interest and redemption.

These "fixed value" loans or, as they were sometimes called, "commodity" loans were subscribable and redeemable in the national currency, the price of certain commodities being used as an index for evaluating this currency. They were, in a way, kindred of the gold clause and multiple currency loans, all of them springing directly from unsettled currency conditions or, at least, a general distrust in the government's ability to maintain a stable national currency. Yet, they are distinguished from these two groups by the fact that they aim at sustaining the real or commodity value of the invested capital rather than its equivalent in gold or foreign exchange.

The construction of such loans was comparatively simple. While the details varied from case to case, the general principle held that subscriptions were made according to the prices ruling on the date of subscription for the particular commodity upon which the issue was based, while interest payments and redemptions were contracted for likewise according to the prices ruling on the dates allotted for payments. The idea was to substitute for the currency or gold, and their respective buying power, some commodity or, rather, its price. Not only did it inspire great confidence, in some investors' minds, to have their capital always linked with the price of commodities, but also experience proved that such investors actually fared better in the end.

Among the first of such issues were the Oldenburg State Credit Bank rye bonds issued at the beginning of 1923.[1] The subscription price represented the value at the time of issue of 125 kilos (1 kilo=2.2 pounds) of rye, redemption to begin April 1, 1927, based on the value of 150 kilos of rye at that time. The exchange quotation of rye on the date of redemption was to determine the rate of redemption. Interest was represented by the difference of 25 kilos between the price of issue (125 kilos) and the prince of redemption (150 kilos).

Another scheme is exemplified by the 5% Badenwerk Coal Loan of 1923.[2] The loan represented the paper Mark equivalent of the value of 125,000 metric tons (1 metric ton = 1,000 kilos) of coal of specified grade, and bore interest at 5%. Individual shares were issued for 10,000, 5,000, 2,000, 1,000 and 500 kilos of coal. All charges were to be calculated on the price of coal.

Along these lines, various coal, lignite, sugar, potash, timber and rye loans were issued by central and local governments as well as by corporate bodies.

Also the contraction of private loans, such as mortgages, on a similar plan had proceeded to an advanced stage. Thus, in East Prussia arrangements were made to grant loans to farmers on a rye basis, this commodity being chosen because of its importance in the German diet and the fact that it is grown in large quantities all over the country. In this particular case, the provincial authorities issued mortgage bonds to the value of a certain quantity of rye, with interest fixed in similar terms. The holder then had to find a person willing to lend on the security of this mortgage or would have to sell the mortgage bonds, handing over the proceeds to the mortgagor.[3]

In practically all cases these loans met with singular success and were oversubscribed shortly after subscriptions were opened. The issuing corporations, of course, received only national currency but they were generally able to convert such currency readily into real securities or materials before much further depreciation occurred.

Practical experience proved that once the people had lost confidence in the stability of the commodity value of the currency, the only way to raise new funds in the capital market, at reasonable terms was to convince the investors that they could hope to receive interest and redemption based on about the same buying power they had given away regardless of the nominal value of the currency involved.

To reduce the burden of such guarantee, the debtors tried whenever possible to take as basis for the issue their own particular product or a commodity they used as raw material in their finishing process. Thus rye loans were very convenient to farmers and farm credit associations, particularly as in this section of economic life a primitive and crude rye currency had already been established at an early stage of the inflation. In 1924, about fifty million quintals of rye loans were listed on the German stock exchanges. Compared with rye, wheat was of only minor importance.

Coal loans also were a very popular investment. Coal as a commodity basis was favored by gas, light and power companies, especially since in most power supply contracts the prices of energy were linked with the coal price. Some municipalities which owned or operated an electric power plant also chose coal as the most suitable basic commodity for their loans. For similar reasons, coke was taken in some cases.

In certain parts of Central Europe, lignite takes the place of coal in power plants. Hence lignite or brown coal was the basis for some industrial loans. To make its bonds still more attractive, the State of Hesse issued a compound lignite and rye loan whereby the denomination was defined as the arithmetical average of a quintal of rye and a metric ton of lignite. Some local governments and public utiltities found it more convenient to replace the coal price by the price of electricity in their loan indentures. Communities which owned extensive forest areas issued lumber and timber loans.

As to the public response to the various commodity types, coal and rye loans led in popularity. On the other hand, lumber and timber loans never appealed much to the average investor, who seemed to prefer a commodity with a broad international market or, at least, a commodity the price of which was controlled by a syndicate.

It is, of course, a point of great interest to both the investor and the debtor whether the stock exchange quotations of these bonds were in line with the price and fluctuations of the respective commodities. And here experience taught that while during the runaway inflation the stock exchange quotations had caught up fairly well with the commodity prices, they lagged considerably behind them after the currency stabilization. At the end of 1926, for instance, the price of 5% gold mortgage bonds at the German stock exchanges was 80 to 85% of parity. At the same time, the 5% coal loan of the State of Baden was quoted at a discount of 29%, and the 5% rye bonds of the semi-official German Rye Loan Bank at a discount of 34%.[4] An explanation for this might be found in the fact that once the commodity value of the national currency has been restored or stabilized, the further price development of the basic commodities becomes much more uncertain and, measured in terms of the currency, more unstable than hitherto. Although most of the basic commodities were staple goods with a broad international market, the domestic and not the world market prices were decisive for the valuation of the loan. The home market price, however, was not only dependent on the world market fluctuations but was also subject to such modifying factors as good or bad harvests, labor conditions, taxes, government regulations, etc.

Another characteristic of the price curves of these loans was that their fluctuations were much smaller than those of the respective commodities. This fact, however, is not surprising since according to the loan terms the price average of several weeks or even months was to be taken as a basis for the computation of both the interest and the redemption. Thus, price declines or increases were reflected in the stock exchange quotations only if they indicated an actual change of the price trend.

After the currency stabilization, the amortization of the fixed rate obligations progressed rapidly and was almost everywhere far ahead of schedule. The above-mentioned discount was no doubt a great stimulus for the debtors to increase their sinking fund and redemption purchases. Furthermore, certain accounting difficulties made such profitable operations all the more desirable. And, above all, there was always a risk regarding the future price development, which the debtors hastened to eliminate as soon as possible.

With the definite stabilization of the currency, the issue of new commodity loans stopped. Some debtors offered a premature redemption of the whole issue or a conversion into a currency loan with a gold clause. The investors' interest was no longer centering on fixed value bonds.

Later on some writers tried to minimize the significance of these loans and would see in them nothing more than a short-lived product of the inflation psychosis. No one can, however, deny the fact that they played a very important part during a serious monetary crisis.

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1. See: Saling's stock exchange yearbook, Berlin 1924/25.
2. Ibid.
3. Bulletin of the London City and Midland Bank, October, 1923.
4. See: "Wertbestaendige Anleihen" by E. Wolfgang, in: Wirtschaftskurve der Frankfurter Zeitung, Frankfurt/M., Vol., 1926/IV.

The State Of Trade

Statistical news reflected the high rate of operations in the heavy industries, steel operations hitting an all-time high during the week of May 16. However, electric power production was off slightly, and freight loadings were off a bit, but continued to reflect the increased acceleration of the war production effort. There was a slackening in retail demand for goods. The Federal Reserve's index of industrial production in April set a new high of 174% of the 1935-39 average. Activity continued to expand in the first half of May, the Board reported.

Following the posting of price ceilings there was a noticeable drop in the rush of consumers to stock up on goods, and for the first time this year, Dun & Bradstreet reported that retail sales failed to maintain an increase over 1941. Wholesale trade, in dollars, also averaged slightly below a year ago.

There has been a noticeable let-down in buying in the Nation's retail stores over the last several weeks. Whereas during the first three months of the year dollar sales averaged somewhat better than 20% above the comparative 1941 period, they now are showing gains of around 5%, a condition which has prevailed for nearly six weeks. It is pointed out that with retail prices up about 18%, this means that the actual volume of merchandise moving across store shelves is considerably under that of a year ago.

There are several explanations for the slowing down of retail activity. Some merchants hold that it is a natural development, coming as it has after several months of heavy buying by consumers. These merchants believe that a large section of the public is well supplied with merchandise for current needs and in some instances for some months to come. Gasoline rationing also is viewed as having a retarding influence on retail sales. Women who usually shopped by automobile have not as yet taken to other transportation in any great numbers.

Declining retail trade is not the only thing merchants have to worry about these days. The mechanical problems arising in complying with the OPA price regulations are many: The law is not clear on numerous points, and promised interpretations and supplementary rulings from Washington still are being awaited.

Business failures continue at a low level. The number of failures reported by Dun & Bradstreet, Inc., in March was 13% lower than in the same month last year. The liabilities of these insolvent concerns were 10% smaller.

There is good reason to believe, however, that the trend of insolvencies will soon turn upward. Even in March, failures among food, apparel, lumber and paper manufacturers were more numerous than a year ago. A sharp decline in the number of insolvencies in retail trade, outside the automotive field, however, brought about the reduction noted.

It is pointed out that the curtailment in the volume of sales in many lines resulting from existing production and priority restrictions and the narrowing of profit margins under price ceilings will bring about a drastic change in the situation confronting numerous retailers. Observers state that many marginal storekeepers will feel the attraction of the high wages paid in defense industries. Not a few younger retailers will be going into the army. Where they are not in good financial condition, such liquidation will be accompanied by insolvencies.

The trend of commercial failures has been downward for some time past, and credit policies in many lines have reflected this condition. Dun's insolvency index declined to a low point late last year, and since then its trend has been slightly upward. But the unfavorable effects of the war upon the volume of business and profit margins of numerous concerns, especially retailers, point to a considerable rise in business failures, and an even greater increase in the number of liquidations, during the period ahead, informed observers state.

A contra-seasonal decline in electric power output was shown last week, according to the figures released by the Edison Electric Institute. For the week ended Saturday May 16, the amount of electrical energy distributed by the industry was 3,356,921,000 kilowatt hours, compared with 3,365,208,000 kilowatt hours produced in the preceding week. The output for the week represented a drop of 3/10ths of 1%, but was 11.5% higher than in the same week last year. The output for the country in the preceding week was 12.0% higher than in the corresponding week last year.

Loading of revenue freight for the week ended May 16, totaled 839,052 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 201 cars from the preceding week this year, 21,750 cars under the corresponding week in 1941 and 159,987 cars above the same period two years ago.

This total was 131.09% of average loadings for the corresponding week of the 10 preceding years.

Steel production for the current week will amount to 1,691,800 net tons of ingots, with 99.6% of facilities in use, equaling the all-time peak output established two weeks ago, the American Iron & Steel Institute announced.

Estimated output for the current week compares with 1,685,000 tons last week, when operations were at 99.2%, and with 1,591,300 tons in the like 1941 week.

Industrial activity is expected to spurt markedly this month after several months of relative stability. The Federal Reserve Board index of industrial production as a result may go well above the 175% (of the 1935-1939 average), informed sources state.

The index advanced to 174 during April, after remaining at 172 during March and February. The acceleration in arms production was such as to offset declines due to the changeover of civilian production.

With changeovers nearing completion in such major industries as automobiles, the rise of industrial activity should now be quite rapid, observers state. It is generally felt that the index should top the 200 level some time this year.

Federal Reserve Board Reports Industrial Activity Increased Further In April

The Board of Governors of the Federal Reserve System reported on May 23, in its monthly summary of general business and financial conditions, that industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further. The Board's summary continued.

Production

Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172% to 174% of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corp., was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for non-residential building increased slightly, mainly because of a 40% increase in awards for factory construction, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70% of the total, compared with about 40% last year.

Distribution

Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10% below the first quarter average, making allowance for usual seasonal variations, but were 5% above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6% larger than a year ago in contrast with price increases amounting on the average to about 20% over the year period.

Total freight car loadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got under way. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

Commodity Prices

Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

Bank Credit

During the five weeks ending May 20, Federal Reserve Bank holdings of Government securities increased by about $200,000,000, while currency in circulation rose by $260,000,000. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of $300,000,000 in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

United States Government Security Prices

Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20% in March to 0.36% in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375%.

Treasury Receipts At $15 Billion Record

The American people have poured more than $15,000,000,000 into their Treasury since the beginning of the calendar year, the Department's ledgers showed on May 20. From Jan. 1 to May 15 Government receipts from taxes, borrowings and all other sources amounted to $15,797,000,000, a sum, Treasury officials said, far in excess of any amount ever collected in a comparable period of time, says the Treasury's announcement, which further stated:

> Contributing largely to the heavy influx was the voluntary purchase of $3,117,000,000 of War Savings Bond and Stamps during the period, which indicated the widespread popularity of this class of security, particularly in the light of the limit on maximum purchases permitted in any one year.
>
> Income tax payers, making their first returns under the higher levies enacted last year, contributed a total of $3,905,000,000, principally during the first instalment period on March 15. This rate, of course, is not expected to be maintained during the remainder of the year because many small taxpayers waived the privilege of instalment payments and remitted in full, officials said.
>
> Of the remainder, a total of $4,208,000,000 has been realized through the purchase of Treasury bonds, including the issue of 2½% 20-25-year bonds which remained open for subscription for a period of 10 days and which was closed on May 14; $1,506,000,000 through the sale of Certificates of Indebtedness, and $343,000,000 through the net sale of Tax Savings notes purchased in anticipation of future income tax assessments.

The cost of the war is expected to increase progressively from the present rate of about $3,500,000,000 a month to more than $5,000,000,000 a month by the end of the calendar year 1942. Nevertheless, Treasury officials said that it was a proof of the financial soundness and the patriotism of the country that the vast amount of $15,797,000,000 could be collected without dislocating the national economy or without any widespread public awareness of the total amount of money involved.

In the table that follows is a summary for the first four and a half months of the year of receipts and expenditures, taken from official Treasury records:

Receipts—	(In millions)
General revenue:	
Income tax	$3,905
Miscellaneous	1,553
Other, excl. transf. to Federal Old Age and Survivors Ins. Trust Fund	402
Net receipts	$5,860
Trust Fund Receipts, etc. (net):	
Federal Old Age and Survivors Insurance Trust Fund	402
Unemploy. Trust Fund	347
Other	—12
Total trust fund receipts	727
Public debt receipts, cash (net):	
Marketable issues:	
Certifs. of Indebtedness	1,506
Treasury bonds	4,208
Treasury notes (tax series)	343
United States savings bonds	3,117
Other	26
Total public debt receipts	$9,200
Total gen., trust and public debt receipts	$15,797
Expenditures—	
General	$2,142
War activities	12,192
Governmental corporations and credit agencies (net)	1,193
Total expenditures	$15,527
Excess of recepts. over expends.	$270
General Fund Balance—	
Dec. 31, 1941	$3,560
May 15, 1942	3,830
Net increase	270

THE FINANCIAL SITUATION

(Continued From First Page)

must work. Of course, intolerance and the "smear" technique are undoubtedly heavy burdens for democracy to carry for they becloud issues and render it difficult, if not impossible, to fix public attention upon the real questions of the day.

A More Fundamental Question

But behind all this lies a more fundamental question with which the American people have for a decade shown but little disposition to come to grips. That subject is at bottom the relationship between liberty and economic welfare. Unless and until we get our thinking straightened out on this subject and keep it so, freedom neither of speech nor of the press will save us from much hardship which we need not endure. Freedom to say what we think or to publish what we think, if we persist in thinking things which are not true, in failing really to think at all, or in permitting clever, smooth politicians and others to tell us what we should think, will not suffice. Something of this sort has been the source of most of our difficulties for the past decade—despite possibly well grounded suspicion that there were and are leaders in public life who would like very well to suppress free discussion—and something of this sort probably holds much more danger for the future than attacks upon free speech and a free press. It is more than doubtful that the American people will long suffer much infringement of their right to say what they want to say, or great abridgement of the freedom of the press. These rights are too highly prized, and have been for too long a time.

Freedoms Misused

The greatest danger is from those who make clever and plausible use of the rights of free speech (including the radio) and of a free press to build air castles into which all too many of us are enticed. It may well be that the war, particularly industrial achievements during the conflict, will seriously enhance that danger. There is already considerable evidence of it. How often do we read or hear statements by men of influence that after the experiences of this war, we shall never permit this or that to happen in this country — wide-spread unemployment, unequal division of income, high prices, and a dozen other such things—and it is usually obvious that the speaker or writer means to say that such unfortunate circumstances will be prevented from arising by Government fiat, or something very like it.

Economic Welfare and Liberty

We hazard the guess that our post-war liberty, particularly our economic liberty, stands in no greater danger than that arising from the persistent fallacy that broad economic welfare and economic liberty are somehow by their very nature in eternal conflict. It will be recalled that in 1932 Mr. Hoover, then a candidate for re-election to the Presidency, was often criticized by the thoughtless for talking about liberty when millions of people were crying for bread. He may have committed an error in political tactics, but it is a fact that he who surrenders his liberty for bread will not long have either. But the fascists, the communists and the New Deal prophets have for 10 years been preaching a different doctrine. According to them, the more abundant life can best be achieved by a surrender by the people of at least a part of their traditional economic liberty—if indeed it can be achieved in any other way. They, of course, have not always said so in so many words, but that at bottom has been the gist of much of their doctrine. It has without question made a deep impression upon many minds in this country.

War Achievement and Liberty

The record of a regimented industry in supporting this war effort, and the conditions which of necessity must obtain when peace comes will more or less certainly be used by those of such a mind again to preach the economic "advantages," not to say the "necessity," of continued abridgement of liberty of action in the business world. So long as the American people have not a clear understanding and a full realization of the fact that economic welfare, far from conflicting with or antagonistic to liberty, is rather dependent upon it, just so long will our post-war liberty be in danger. Those leaders who really would protect our liberty would, therefore, do well not only to see to it that freedom of speech and of the press is scrupulously safeguarded during the war but also to make sure that free speech and a free press (including the radio) are employed effectively in making it clear to the unthinking that one of the essentials of full and continuing economic welfare is liberty. Neither free speech nor a free press can in the nature of the case guarantee us all those other liberties which are essential unless both are effectively used for that purpose.

Partial Freedom

Another fallacy, also grown popular of late years, is found in the contention that we can put business in shackles and in addition hedge it about with all manner of obstacles which in practical effect amount to shackles, and at the same time maintain our traditional liberty. The truth of the matter is that a very large part, not to say the major and most vital part, of an individual's existence is composed of what is termed business activity. If he must pay homage to racketeering labor unions in order to obtain employment; if he must comply with so many regulations and restrictions that he can not longer earn his daily bread in the conduct of his usual business; if, as in the case of the farmer, he is paid to refrain from using his own judgment and penalized for using it; if he is to be crushed by Government competition at the taxpayers' expense; if taxation is so arranged that he can retain but a pittance of his earnings no matter how hard or how skillfully he works; if for any of these reasons he is obliged presently to become virtually a ward of the politicians—then he is no longer a free man and the general level of economic welfare will severely suffer no matter how free he is to complain and criticize.

It is, of course, of the utmost importance that we refuse to surrender the tools with which we can keep ourselves free, but even more important is it that we insist upon the essence of freedom itself—important not only for freedom's sake but that we may continue to build a progressively more comfortable existence for ourselves as the years and the decades pass.

Pan-Americanism Will Establish Pattern For Future Foreign Trade, Says Chatfield-Taylor

At the World Trade Luncheon in New York on May 18, during Foreign Trade Week, Wayne Chatfield-Taylor, Under Secretary of Commerce, commenting on the discussions observed that "you foreign traders always have had much to discuss, you have talked of the past, you have talked of the present, of course, but most of all, you have talked of the future. Therefore, if I touch only briefly on the past and present, and direct most of my comments to the pattern of the future, I believe that I shall be carrying on a tradition which you yourselves have well established." The Under-Secretary's talk led up to the "general principles which will determine the character of future foreign trade," and in expressing the belief "that here in this Hemisphere, almost without our knowing it, there has been created the pattern, there has been brought into being the inspiration for our world of the future," he said, that "for want of a better term, and I don't know that a better term is necessary or desirable, we can say that the pattern is that of Pan Americanism." "Pan Americanism is not a new idea," he stated, "but its history has been marked by disappointments and by failures. It was born in an age of despotism, it was born in battle. For years it was scoffed at, and its occasional revivals, or shall I say struggles to remain alive were considered mere occasions for flowery oratory, conferences where men with little in common talked about the glories of the past, or mouthed sonorous phrases about an Utopian future." He further remarked:

> . . . I do not believe that the resurgence of Pan Americanism can be attributed to the far-sighted statesmanship of any individual, or to the organized effort of any nation. But I do believe that many individuals, in all the nations of this Hemisphere, during the past decade have found in Pan Americanism something which offered them the ideological sanctuary which they were seeking.
>
> They found far more than sanctuary, they found ideals and like-minded men and women who were willing to sacrifice brief personal advantage in order to forge the ideals into a practical frame-work on which their conception of modern civilization could be built.

On a recent visit to Mexico, I found that the unity of purpose and the belief in the destiny of Pan American ideas which was noticeable at Rio, had if anything intensified. Pan Americanism is going places. At Rio the spirit of Pan America showed its full vitality, it demonstrated the full promise which its sponsors had long believed to be inherent.

The Under-Secretary went on to say that at "in addition to the basic concepts to which I have just referred there are likewise appearing, and with equal vigor, certain ideas which offer a pretty clear picture of general principles which will determine the character of future foreign trade. These ideas, he enumerated in part, as follows:

1. Domination by a master race, a master nation, or a master class within a nation is untenable. That is what this war is about, that is what we are fighting against. Translating this into what we are fighting for it means the Good Neighbor Policy—a system of international organization and understanding under which agreements on foreign trade will be reached not merely because one nation is strong and another nation, is weak. To be sure there will be tangible reasons for agreement but not the tangible reasons represented by a club or a division of tanks.

Concessions which turn over to private groups the exploitation of natural resources or the exclusive development of vital national functions such as transportation and communication, either will not be granted at all or will be so administered that the public interest is fully protected at all times. If such concessions are granted to foreign groups, further safeguards will be imposed which will insure that most of the profits of such enterprises will be available for further development of the economic life of the nation which grants the concession.

3. A national economy or an international economy must be based on full production, full employment, and maximum national income. This is another way of saying that restrictive concepts of finance or trade which stand in the way of full development will be brushed aside.

4. One crop countries, or one industry countries are a thing of the past. Certain localities, of course, have certain natural advantages, certain populations have certain specialized skills, but the people of all countries are entitled to the benefits of education, science, and invention. * * *

5. The broad controls which will implement basic policies will be administered by governments in agreement with the governments of other friendly and similar minded nations. This does not mean regimentation, it does not mean that individual initiative and the profit motive will be discouraged, but it does mean that the avenues for these activities will be more clearly defined. * * * It does mean that no private group of international industrialists or financiers, no matter how strong, will be able to take action which is fundamentally opposed to the national interest of any one country or any group of nations which have established common interests and common principles.

6. While the temporary cheapness of some particular commodity, especially a commodity which a nation does not itself produce may recommend it for attention, many other factors will be scrutinized before arrangements will be made for its purchase.

7. Curiosity about money, currency relationships, the future of gold, international investment policy, and all the many other intricacies of international finance, is world wide. I use the word curiosity purposely as I have encountered nothing definite enough to report it to you as an idea. Obviously, the extent of the curiosity, and I am sure that you will agree that it is extensive, indicates that change is imminent, and that new financial concepts which will fit and serve economies of full production and maximum national income are in the making. Finance will not be laggard when the time of decision arrives. That time is not yet—finance must serve in war, it is doing so and doing so eagerly and well. When peace and reconstruction come, finance will prove that it too does not fear the future, that it can meet the problems of conversion and full production in peace just as it is meeting the problems of conversion and full production for victory.

FDR Sees Long War And Urges Moderation

President Roosevelt on May 22 declared that the war will be a long one and warned the public against being over-optimistic one week and over-pessimistic the next on the basis of single war events. Reiterating his full confidence in victory for the United Nations, the President told his press conference that public opinion goes up and down from week to week with news reports of war activities and that the American people have a tendency to overstate the effect of these minor engagements. He said the press could be helpful in not overplaying these war developments. In reply to a question whether censorship should pass some bad news in order to restrain public optimism, the President said that this should be done as soon as it does not affect military operations. He added that the only reason for withholding bad news is that it might cause more bad news.

Objective Of Manpower Commission Is To Break Bottle Necks, Declares McNutt

Discussing the objectives of the War Manpower Commission, Paul V. McNutt, its Chairman, at the annual meeting on May 20 in New York of the National Industrial Conference Board said, "Ours is no national job of telling 80 million American workers exactly what job they may hold. American management skill, the wisdom and experience of the worker, and the resources of American labor unions can be relied on to keep most Americans matched to war jobs." "Our tasks," said Mr. McNutt, "is to break the bottlenecks." He added:

Total war has brought us a new problem—the mobilization of a whole nation. And even though we may not have always the best answer, we can recognize the wrong one. We can stop the flagrant losses.

We can see what labor pirating means. We can recognize the impact of discriminatory hiring practices in slowing down war production. We can see the loss occasioned by stiff-necked adherance to seniority and other personnel rules made to fit peace-time conditions.

We recognize these things. And we know that our one job is to achieve maximum production. Anything that stands in the way of maximum production is not private business. It is a thing which stands in the way of America's arms. It is a thing which impedes victory. And it shall and must be broken.

In war the Nation cannot afford and will not tolerate artificial immobilization of workers. Discrimination based on race, creed, or color must go—not because of somebody's ideals, but because discrimination represents waste and industrial slowdown.

America will not make men unemployable by definition. A man with one eye is not disabled for most jobs. The man with one leg can produce for victory on most jobs. The man over 40 is not ready for the scrap heap.

At present, the War Manpower Commission is meeting every Wednesday afternoon as a body reviewing the facts. I have the full benefit of their advice and counsel.

Our first job is fact finding.

We know, for example, that on the basis of present estimates, 10.500,000 additional workers will be drawn into war production by Jan. 1 of 1943. By the end of 1943, 7,500,000 additional workers will be needed to meet the 1943 production goal.

During this same period, 4,500,000 men will be added to the armed forces, 2,000,000 in 1942 and 2.500,000 in 1943.

This will mean tremendous shifts in our labor force. Of the 10,500,000 workers we need this year, 7,500,000 may be shifted to war work through the conversion of civilian industries. We shall still need 3,000,000 new workers from the unemployed and from other groups such as women who are not now in the labor market.

These figures must be broken down in terms of the skills involved and in terms of the number of men of such skills now available in the labor market.

Earlier in his remarks Mr. McNutt said:

The cause of victory will not be served by hasty, half-cocked, or misinformed action. The War Manpower Commission has been set up to minimize dislocation, not to create it.

The principle of the War Manpower Commission is a simple and I believe an accepted one. It proposes merely that every worker in America shall apply his skill at that point which will most speed victory.

Just as tin and chromium and plastics needed for war equipment shall not be used on gadgets, so the skill of a machinist or an engineer needed in the production of war equipment shall not be wasted in producing non-essentials.

Just as the priorities for the use of material are governed by the factual determinations of the War Production Board, and not by the market, so the factual determinations of the War Manpower Commission shall set priorities on where and how a man may use his skill.

Shall our procedure be voluntary or shall it be considered draft of labor? To that, I believe, there are two answers, and I think I know the temper of American democracy well enough to know there is no paradox in stating them both.

First of all, Americans want the facts to be determined. Every American worker wants most of all to know where and how he can best put his shoulder to the wheel of victory.

Just as most industries converted themselves in large measure by voluntary action, so American workers will switch to Uncle Sam freely and enthusiastically.

But also, just as in some cases where speculative management or self-interest intervened and Government issued orders or even took over plants, so compulsion may from time to time be necessary in the administration of the manpower program.

* * *

We know our goal and the answers must depend upon reaching it.

The goal is total production—industrial and agricultural—for total war. It is not an enterprise which allows competition between parts of the war effort at the expense of another part.

I wish that I might set down for you the actions which you must take. You are concerned with the detailed job of management. You would like, I am sure, to know of forms and regulations, the channels and the authorities which you must handle.

These you will have to learn at a later date. At present we are getting the facts. The occupational questionnaire will give us new knowledge about the men who make up the labor market. The United States Employment Service is now calling on 15,000 employers, and will soon be calling on 30,000 to get their needs 60, 90, and 180 days in advance, the better to plan advance recruiting and determine training needs.

Meanwhile there are cases which serve to triangulate our problem. They are cases which can be recognized for the bottlenecks they are. They are cases which reveal problems and set issues. Let me cite from some of them as the plainest and most direct indication of what we are up against.

* * *

A dozen Pittsburgh employers — including one Federal agency—are maintaining artificially high hiring specifications. I need cite no one area, but the practice of industry after industry, and State after State, when I point out the employment bottleneck of artificially high physical health standards. Some industries have made their accident records showpieces of perfection by the simple process of setting physical standards as high as those of our pre-war army and classifying men over 40 as unemployable.

* * *

And on my list of bottlenecks created by unreasonable hiring specifications, I could cite also the Government red-tape which has prevented plants on our side of the Canadian border from hiring Canadian and British citizens of good qualifications. One northern New York employment office reported that it takes from two to three months to clear such workers, and that as a consequence, employers will not bother with them.

President Cuts $185 Million From WPA, War Effort Absorbing Many From Rolls

President Roosevelt on May 25 asked Congress for $280,000,000 to continue the Works Projects Administration program in the 1943 fiscal year, representing a reduction of $185,000,000 from the tentative figure set in the January budget message. In a special message to Congress, the President said that this amount, together with $57,000,000 unexpended from the 1942 relief appropriation, will permit an average monthly employment of about 400,000 persons.

The WPA program for the fiscal year 1943, Mr. Roosevelt said, must be one of work relief for those employable persons who cannot obtain employment either in war activities or in other work. For the period beyond the fiscal year 1943, the President added, the provision of work and other forms of aid "must be considered as an integral part of comprehensive measures for social security and public assistance." Saying that he expects to make recommendations to Congress for revising and extending the Social Security Act to provide alternative means of meeting the needs of those now on WPA, Mr. Roosevelt asserted that Congress action on such proposals "will determine the extent to which we can move toward the further reduction or the possible elimination of the Work Projects Administration."

In his message the President also pointed out that there are still an estimated 3,000,000 unemployed persons but said that many of these will be hired during the coming year.

He also declared that the reduction of work relief is possible "without causing undue hardship."

In addition to the $280,000,000, the President requested an appropriation of $2,767,000 for Treasury services in connection with the relief program.

For the 1942 fiscal year there was $875,000,000 appropriated for the WPA, with average employment at 1,000,000 persons.

The President's January budget message was given in these columns Jan. 15, page 226.

The text of the President's message follows:

To the Congress of the United States:

In my budget message to the Congress in January of this year, I estimated tentatively that $465,000,000 would be required during the ensuing fiscal year for continuing the work relief program by the Work Projects Administration and indicated that a specific recommendation would be submitted later in the year.

The Work Projects Administration and its predecessor organizations were created to meet a temporary relief and employment need for millions of persons out of work during the depression years. The program has been successful. It has provided thousands of useful public projects, and it has permitted millions of persons to maintain their self-respect through gainful employment. More recently the Work Projects Administration has contributed greatly to the defense and war efforts through participation in the construction of airports, access roads, sewer and water facilities, and other useful public works.

Since my January message, funds appropriated or recommended for the conduct of the war have tremendously increased. Shortages of labor and material are rapidly developing. To meet labor shortages the recruitment of workers from every available source will be required, and possibly even organized migration in some instances. However, it is estimated that at present there are still some 3,000,000 unemployed. Of these, many will be hired during the coming year; yet in a labor force exceeding 60,000,000 persons there will remain a substantial number of individuals who will not be hired by private employers because of age, lack of skill, or other handicaps. A certain number may not be able to migrate from regions having surplus labor to regions where workers are needed. In this connection, I can not emphasize too strongly the need for industry to abandon prevailing practices of discrimination, racial and otherwise, in recruiting labor for war production.

The program of the Work Projects Administration for the next fiscal year must, in a large measure, be held to one of work relief for employable persons who, by reason of circumstances, can not obtain employment either in war activities or in other work. It is urgent that our labor reserves be fully utilized, and that productive labor now on the rolls of the Work Projects Administration be engaged in other productive employment.

Provision has been made by direct appropriation to other Federal agencies for the construction of access roads, streets and airports, and public works have been authorized for localities whose needs have been materially expanded by the defense and war efforts. The types of projects to be undertaken in the relief program in 1943 will be those which can be prosecuted by day labor of the residual unemployed available on the Work Projects Administration rolls and which require a minimum of critical materials.

In the circumstances, a reduction of work relief is now possible without causing undue hardship, and I recommend an appropriation of $280,000,000 to the Work Projects Administration of the Federal Works Agency for the fiscal year 1943. This amount, together with an estimated balance of $57,000,000 of the 1942 relief appropriation, will permit an average monthly employment of about 400,000, including administrative expenses of the Work Projects Administration. I recommend additional appropriations of $2,767,000 to provide for the administrative expenses of the general accounting office and units of the Treasury Department for services in connection with the relief program, making a grand total of $282,767,000 for the fiscal year 1943.

For the period beyond the fiscal year 1943, the provision of work and other forms of aid for those who cannot be absorbed in private employment must be considered as an integral part of comprehensive measures for social security and public assistance. I am now giving attention to proposals for revising and extending the Social Security Act, and expect to make recommendations to the Congress for such legislation as may be necessary to extend the protection of our social-security measures to provide alternative means of meeting the needs presented by the residual group now being aided by the Work Projects Administration. The action to be taken by the Congress in the near future on such proposals will determine the extent to which we can move toward the further reduction or the possible elimination of the Work Projects Administration.

FRANKLIN D. ROOSEVELT.
The White House, May 25, 1942.

Washington AIB Elects Rowzee, Pres.

The Washington Chapter of the American Institute of Banking has elected George M. Rowzee, Jr., of the Lincoln National Bank, as its President for the coming year. Mr. Rowzee was Second Vice-President during the past year but because Kenneth Birgfeld, First Vice-President, has entered the armed forces, he succeeds to the Presidency. This is learned from the Washington "Post" of May 16, which also said:

Other officers elected were: George B. Earnshaw, National Metropolitan Bank, First Vice-President; B. Bruce Frantz, American Security & Trust Co., Second Vice-President; Miss Dorothy Werner, Hamilton National Bank, Secretary; Thomas J. Norris, Bank of Commerce & Savings, Treasurer; Miss Margaret Allison, National Savings & Trust Co., Assistant Secretary, and Kenneth O. Hulse, Hamilton National Bank, chief counsel.

The following were elected to the Board of Governors: Miss Leona E. Draeger, the Washington Loan & Trust Co.; Joseph R. Fitzpatrick, Second National Bank; Robert H. Lacey, Columbia National Bank; Herbert D. Dawson, Jr., the Washington Loan & Trust Co.; Mrs. Myrtle P. Lewis, Liberty National Bank, and Paul J. Seltzer, American Security & Trust Co.

War Industry Loans Show Large Volume

R. B. Hays, Vice-President and Secretary of the Federal Reserve Bank of Cleveland, in a speech before the Ohio Bankers Association state meeting in Cleveland on May 20, revealed that the Reserve Bank since April 1 has received 49 applications to aid in financing production of war materials in the amount of $41,000,000. He indicated that the average loan application has been considerably larger than originally had been expected. "There are now in the process of negotiation by banks in the Fourth Reserve District five loans, each of which is in excess of $5,000,000," Mr. Hays said, adding that the smallest one handled to date was for $4,000.

Copies of the guarantee agreement to be entered into by a bank or other financing institution and the Army, Navy, or Maritime Commission whereby the Federal agency gives a commitment to purchase from the financing institution a specified portion of a loan made to finance a contractor or subcontractor doing war work were distributed for the first time at the bankers' meeting. The contract is executed by Federal Reserve banks acting as fiscal agents of the Government and protects banks against loss on the portions of the loan under the guarantee agreement. In discussing features of the agreement Mr. Hays pointed out that in event a war production contract is canceled, in whole or in part, the borrower is given a waiver of interest and a suspension of maturity on a proportionate amount of his loan.

Treasury Recommends Wage Deductions For Collecting Income Taxes At The Source

In a statement in support of the proposal for the deduction at the source—of 10% of wages, interest or dividends in the payment of income taxes, Randolph E. Paul, Tax Adviser to Secretary of the Treasury Morgenthau, told the House Ways and Means Committee on May 20 that the advantages in the collection of incomes at the source would be:

(1) Lightening the burden on the taxpayer;

(2) Greater speed and flexibility in meeting the threat of inflation;

(3) Greater assurance of collection for certain groups of taxpayers.

Mr. Paul pointed out that the suggestion for collection at the source of income tax had been made by Secretary Morgenthau in his statement on March 3. Before the House Committee on May 20, Mr. Paul added:

> If collection at source were introduced July 1, 1942, at a 10% rate, there would be withheld from consumers during the last six months of this year alone about a billion and a quarter dollars under the lowered exemptions tentatively adopted by the House Ways and Means Committee. This is at an annual rate of 2½ billion dollars. If the present system of collection is retained, there will be no increase in the amounts collected from consumers until March, 1943.

As to the working of the plan, Associated Press accounts from Washington on May 21, said:

The deductions would be a flat 10% of all wages, interest or dividends over a scale of exemptions being written into the new income tax bill.

In the case of a single person, the check-off would be 10% of his wages in excess of $11 per week as the tax bill now stands. The check-off would start after a $26 per week income of married persons, or $26 plus $8.50 for each dependent of married persons.

When the March 15 tax paying date rolled around the worker would make out an income tax return the same as he does now. However, after figuring his tax, he would deduct the amount of tax that has already been paid for him by his employer, and pay the difference, if any.

In some cases the tax might turn out to be less than he had already paid, and refunds would be provided for such cases.

In response to questions, Mr. Paul said that the Treasury proposal would not exempt any classification of employers. If adopted in this form, the plan would require, for instance, housewives to deduct small tax amounts from the wages of many domestic servants.

Farmers and other employers exempted from making similar deductions for Social Security also would be required to participate in the new plan.

Mr. Paul indicated, however, that it was unlikely that the plan would be put into effect, even though approved by Congress, for two or three months or later. He declined to estimate how long it would take Congress to enact the legislation, but said it would take 30 to 60 days after Congress finishes the legislation before the Treasury could set up the necessary administrative machinery.

The Committee's new income tax proposals would add an estimated $2,756,000,000 to the $5,000,000,000 now collected, with heavy emphasis on incomes below $5,000.

The program would be based on $500 exemptions for single persons and $1,200 for husbands and wives, a normal tax of 6% instead of 4, and minimum surtax rates starting at double the present level of 6% on the first $2,000 of net income.

In his prepared statement to the Committee, Mr. Paul said, in part:

At present exemption levels, approximately 20,000,000 taxpayers are expected to pay a tax on their 1942 incomes. At the lower exemption levels tentatively approved by the House Ways and Means Committee, the number of taxpayers would be increased by about 8,000,000, making a total of about 28,000,000 taxpayers in all. Under the rates proposed by the Treasury, the tax would begin at 16% on the first dollar of income above the exemption. The rates are rapidly progressive, as they must be, to raise in an equitable way the amount of revenue that needs to come from the income tax. The result is a tax burden that many persons will find very difficult to meet under the present method of payment.

At present, individuals pay their tax in the year following the receipt of the income on which the tax is levied. Most persons, especially in the middle and lower income brackets, make little if any advance provision for their tax liabilities by building up reserves during the year when the income is being earned. They are therefore obliged to pay the tax in,at most, four quarterly instalments, out of the income of the following year. These instalments are in many cases very hard to meet because they have not been built up bit by bit, week by week, or month by month. Furthermore, in numerous cases the income of the following year is less than the income of the taxable year and, accordingly, the tax liability must be met out of a smaller income. This problem threatens to be particularly acute at the end of the war. Many will suffer large declines in income and yet be obligated to pay heavy wartime taxes on the high incomes of the preceding year.

The burden on the taxpayer would be considerably lightened if the tax were taken from his income week by week or month by month as he receives it. Collection at the source provides a convenient method of accomplisihng this objective, of enabling the taxpayer to pay his tax currently in a large number of small installments rather than in a few large installments in the succeeding year. * * *

Furthermore, it is very much to the taxpayer's advantage to have a substantial part of his tax liability liquidated while he is receiving his income. Under the present system he ends each year in debt to the Government. This debt for his income tax is as burdensome as any other debt and can have just as serious effects on the taxpayer's budget if his income falls off or his expenses greatly increase.

* * *

The introduction of collection at the source is essential not only because it would be a permanent improvement in the income tax, but also because it would make the income tax a more effective fiscal instrument for the control of inflation. In order that increases in taxes contribute most effectively to the control of inflation, they must begin to withdraw income at once. Under present methods of payment, an increase in income taxes enacted now will not affect tax payments until March 1943. By the time the higher collections become effective, the inflationary damage maye be done.

Collection at source would largely eliminate this lag. Income taxes can be increased and the collections under the increased rates can begin almost immediately instead of many months or even a year later.

Collection of income taxes simultaneously with the production of the income will make the income tax better adjusted to the needs of the economy at all times, and not only at times like the present, when inflation threatens. In periods when incomes are falling and unemployment is increasing, it will contribute to economic stability if the taxpayers are out of debt to the Government, so that their purchases of goods and their other economic activities are not unduly hampered by the necessity of paying income taxes on income received in a more prosperous year.

* * *

The collection - at - source method not only gives the Government information about the employee's compensation but also gives the Government a large part of the tax, the part it receives depending on how much of the tax is collected at source. With the income tax extending more and more into the masses of the population, collection is thereby assured in areas where there would be an increasing likelihood of its breaking down.

Along with his statement Mr. Paul submitted the following table prepared by the Division of Tax Research of the Treasury Department:

Amount of wage or salary to be exempt from collection at source under personal exemptions and credit for dependents tentatively adopted by House Ways and Means Committee: Single person (not head of family), married person or head of family, and each dependent, by payroll period:

Payroll Period—	Single person (not head of family)	Married person or head of family	Each dependent
Weekly	$11	$26	$8.50
Bi-weekly	22	52	17.00
Semi-monthly	23	55	18.00
Monthly	46	110	36.00
Quarterly	138	330	108.00
Semi-annually	276	660	216.00
Annually	552	1,320	432.00

On May 25 the House Ways and Means Committee voted to defer for further consideration action on the question of incorporating in the forthcoming tax bill provision for deducting 10% of income at the source.

According to Associated Press advices from Washington, May 25, a survey indicates that the controversy over the plan has its roots in the following arguments:

1. If the collections begin this year, the taxpayers who arranged to spread 1941 payments would be hard hit by the 10% reduction.
2. Business men have started writing to members that, with new price ceilings in effect, they could not afford to add extra help to do the necessary bookkeeping.
3. If a sales tax is approved by the Committee, the withholding program, plus lowered personal exemptions, might be too great a burden on the low-income groups.
4. A belief that the authorities might not be able to put a deduction plan into actual operation until late in the Fall, or even Jan. 1.

Braden Assumes Cuba Post

Spruille Braden, U. S. Ambassador to Cuba, presented his credentials to President Fulgencio Batista on May 19 at Havana. The friendship existing between the two countries was stressed in the exchange of remarks. Mr. Braden, former Ambassador to Colombia, was transferred to the Cuban post when George S. Messersmith was named Ambassador to Mexico early this year.

House Group Defers Withholding Tax— Raises Capital Gains And Surtax Rates

Action on the Treasury's proposal for authority to collect income taxes at the source, which was placed before the House Ways and Means Committee on May 21, was deferred by that body on May 25 for further consideration. Chairman Doughton said that the Committee will go over the plan again before a final tax bill is completed, but some members expressed the belief that the Committee may not again take the matter up.

The plan, as explained on May 20 by Randolph Paul, Treasury tax adviser, calls for deductions of 10% of wages and salaries with an allowance for personal exemption and credit for dependents, and 10% of bond interest and dividends. The funds would be withheld from workers salaries by employers, who would remit them to the government at the end of each quarter. Those deductions would be used to offset the regular tax bill due on March 15. In the case of single persons the collections at the source would affect wages in excess of $11 a week, while for married persons weekly income over $26, plus $8.50 for each dependent, would come under the plan.

On May 26 the House Committee agreed to fix the estate tax exemption at $60,000, such exemption to include life insurance. Under the present law there is a dual exemption of $40,000 for personal and real property and $40,000 for life insurance.

The group also voted on May 26 to reduce the cumulative gift tax exemption from $40,000 to $30,000 and to cut from $4,000 to $3,000 the amount of a gift which could be made in any one year without taxation. The new rates for estate and gift taxes have not yet been voted.

The House group on May 22 agreed upon a revision of the capital gains and losses tax structure and increased the maximum effective rate on long-term gains from the prevailing 15% and 20% rates to 25%.

Principal provisions of the tentatively approved capital gains and losses amendment follow, according to the Associated Press.

1. Holding periods would be simplified to short term of less than fifteen months and long term of more than fifteen months.
2. Maximum rate on statutory net long-term capital gains would be increased to 50%. But since only 50% of such gains are taxable, the effective rate would be 25%.
3. Short-term gains would continue to be considered as normal income and fully taxable at the individual normal and surtax rates.
4. Statutory amounts of loss, either long or short term, would be allowed as an offset against statutory gains, no matter whether long or short term.
5. Statutory losses of either kind could be carried forward for five years against future gains and $1,000 of such losses could be offset against other income each year for five years.
6. For corporations, the same practices would be followed, except that banks and insurance company losses would not be allowed as a deduction from other income, but a five-year carry forward period against future gains would be permitted.
7. For banks — Net capital losses attributable to sales or exchanges of bonds or other evidences of indebtedness would be allowed in full against other income, with the capital loss measured by the difference between purchase and sale price. Losses from other capital assets and all gains would be treated the same for banks as for other corporations.
8. Life insurance companies' net capital gains and losses from assets purchased after the effective date of these changes would be treated in the same way as capital gains and losses of banks.

On May 20 the Ways and Means Committee approved a schedule of individual income surtax rates ranging from 12% on the first $2,000 of taxable income to 81% on all income over $200,000. The present surtax rates are from 6% to 77% and the Treasury had proposed rates of 12% to 86%. The Committee voted against the Treasury proposal to increase surtax rates in $500 brackets, keeping the graduated $2,000 brackets. It is estimated that the program will raise $2,756,000,000 of additional revenue from individual income taxes, that is with the other changes previously approved. These include raising the normal tax rate from 4% to 6%, retaining the present earned income credit of 10% and lowering exemptions for single persons from $750 to $500, for married persons from $1,500 to $1,200 and leaving unchanged the present $400 credit for dependents.

The House Committee on May 20 also voted to increase the present 31% tax on mutual investment companies to 40%; raised the present 71½% and 82½% rates on personal holding companies to 75% and 85%, respectively, and increased the 27½% rate on non-resident foreign corporations and on non-resident alien individuals to 36%.

Previous House Committee action on the tax bill was noted in these columns May 21, page 1949.

Facility Security Plan To Be Formulated

President Roosevelt, in an executive order issued on May 20, directed the Office of Civilian Defense, headed by James M. Landis, to formulate a "facility security program" designed for war eased protective measures against sabotage of the communications system, the airlines, highways, railways, forests and mines, gas and water utilities, public buildings and storage facilities.

Under the order the OCD will serve as the center for the coordination of protective plans sponsored or operated by various Federal departments. The Army will continue to have the principal role since the Secretary of War will have power over the plan to be worked out. A White House statement pointed out that the new OCD program does not affect the investigative duties of the Federal Bureau of Investigation with respect to acts of sabotage and espionage.

Commenting on the executive order, Mr. Landis said:

> I think it should be clearly understood that at the outset we are undertaking a job of developing and supplementing existing protective programs — rounding out the security measures already provided—and that the Army will continue to have the principal role.
>
> I would like to emphasize also that the owners and operators of essential facilities continue to be primarily responsible for maintenance of a proper guard against sabotage in any form.
>
> Our purpose is not to supplant any existing authority, and we are determined not to create any huge force of Federal employees, but, on the contrary, to work with and through established agencies to the end that there can be no successful attack on any part of the resources and utilities vital to the nation in winning this war.

Major Problem Of Industrial Conversion To Meet War Needs Still Lies Ahead

The conversion problem that lies ahead in the remaining months of this year is as great, if not greater, than the changes introduced in industry from Pearl Harbor to date, a forthcoming Conference Board report finds.

The Board under date of May 20 adds that by the end of March the total of all completed war production amounted to only $18,700,000,000, or less than 15% of the total existing war production load. War commitments, it states, were further increased by $19,000,000,000 in April, while the total amount of production completed in April as measured by payments on contracts was about $2,500,000,000. At the end of November 16% of the total production load had been worked off. In January, the corresponding figure was 16% and in March, 14%. The Board also states:

"Since January of this year the total amount of contracts and other commitments placed has risen from $61,000,000,000 to $99,000,000,000. At the April rate of production, unfilled orders are equivalent to a 2½-year production load. Even at a maximum war production rate of $6,000,000,000 monthly, unfilled orders represent a full year's production load."

By the year's end, the survey of "America's War Effort," by the National Industrial Conference Board estimates that the nation will have 17,500,000 worker fighters and 4,200,000 armed fighters, or a fighter worker ratio of 1 to 4.2. War will have reduced civilian employment to 26,500,000, compared with 34,200,000 at the end of 1941. In manufacturing, almost 70% of all employees will be on war work, as against less than 30% at the start of the year. War work will require at least half of all mine workers, almost 90% of all construction workers, and fully 50% of all persons employed in transportation and public utilities. Other findings of the Board include:

(1) To reach the goal of 17,500,000 war workers by the end of this year, approximately 10,500,000 additional workers must be brought into war industries. About 7,500,000 of these will come from persons now employed in civilian industries. About a million may be recruited from the unemployed. After tapping all these sources, management will still face the problem of training from 2,000,000 to 3,000,000 new workers needed in war industries, as well as replacements for the 2,200,000 men to be absorbed by the armed forces this year and probably a like number next year.

(2) During the first quarter of 1942 total war expenditures reached $7,600,000,000 or roughly a third of the income received by individuals during those months. The war has already cost more than the whole of World War I, including loans to Allies. Congress has made available through April, 1942, $156,000,000,000 for waging this war—or from five to six times the total cost of the last war. Commitments to date are equivalent to a war cost of $1,163 per capita, or $4,475 for the average census family.

(3) The industrial colossus of the world is being expanded to meet the new demands upon it. In 1940 the estimated net book value of all manufacturing plant and equipment totaled about $22,500,000,000. Under the war program $16,700,000,000 of new war plant and facilities have been or will be added. Authorizations from public funds for industrial plant expansion had reached $14,400,000,000 at the end of April, or about 85% of all investment in war plant. By the end of March, plant expansion contracts placed by the Government amounted to $10,700,000,000 and covered 1,428 projects. Privately financed plant expansion for war production at the end of March covered more than 7,000 projects at a cost of $2,300,000,000.

Officials Warn Of Acute Rubber Shortage

Four leading war agency officials on May 22 joined in a statement designed to clarify the facts about the severe rubber shortage, according to an announcement by the Office for Emergency Management. Issued because many confusing and conflicting stories have been circulated about rubber, the statement points out that the shortage is extremely serious, reports to the contrary notwithstanding, and that no rubber of any kind can be spared for purposes not directly connected with the war effort.

Donald M. Nelson, Chairman of the War Production Board; Arthur B. Newhall, Rubber Coordinator; Joseph B. Eastman, Director of the Office of Defense Transportation, and Leon Henderson, Administrator of the Office of Price Administration and Director of the WPB Division of Civilian Supply, all joined in the statement, which follows:

> There has been a great deal of confusion about the rubber situation, much of it caused by optimistic stories about the availability of synthetic rubber at an early date, or the large amount of scrap rubber which can be reprocessed.
>
> But there is little real basis for such optimism. Our rubber shortage is one of the worst materials shortages we face. We can spare no rubber of any kind for non-essential uses. Statements to the contrary are misleading, and do the country a great disservice, for the facts as we see them are grim, and we need 100% cooperation in conservation measures by the general public and by industry.
>
> Before Pearl Harbor, it appeared that this country had an adequate supply of rubber, in the light of the situation as it then existed. We had stockpiled substantial tonnages in anticipation of interruption in shipments from the Far East, and steps had already been taken to regulate civilian consumption.
>
> Events following Pearl Harbor, however, created a wholly new series of problems. The President announced a new military program on Jan. 6. This very greatly increased our military requirements for rubber. Then, our major sources of rubber supply were lost. In addition, our Allies were forced to look to the United States as a source of military rubber.
>
> Thus, despite precautionary steps taken in 1941, it has become necessary to develop a rationing program for rubber which eliminates all but the most necessary uses.
>
> War Production Board figures show three facts:
>
> 1. We cannot spare any rubber to make new tires for ordinary passenger cars; the tires we do have must be strictly rationed to essential uses.
>
> 2. All the synthetic rubber we get must go to the war effort.
>
> 3. The most optimistic estimates for this year and next indicate no rubber for anything but the most essential uses.
>
> Actually, the rubber shortage is far worse than most people seem to realize; the enemy controls 90% of the world's rubber-producing areas, and every ounce of our stockpile is needed desperately for the armed forces.
>
> Worst of all, the optimistic stories may keep us from recognizing what we are up against until too late. Our biggest stockpile of rubber is on our cars; these tires must be preserved. Autos shelved for the duration for lack of tires put more burden on already overcrowded buses and trolleys.
>
> Every citizen can and must adopt a five-point conservation program:
>
> 1. Stop driving your car except when necessary; make it last.
>
> 2. Drive under 40 miles an hour.
>
> 3. Shift tires from wheel to wheel and inflate them properly.
>
> 4. If you drive to work, drive your friends and neighbors; car-pooling is essential.
>
> 5. Remember that rubber is precious; save it; every car is now a vital part of the nation's transportation system.
>
> Needless driving today is unpatriotic. Deliberate waste of rubber helps the enemy. We call on Americans to ration themselves strictly.

It is further pointed out that:

> The 1942 allotments do not include any rubber for new passenger car tires, and are restricted to articles essential to the civilian industrial economy, such as bus and truck tires, and certain industrial, medical, and health items.
>
> If we wear out the tires on the 30 million passenger cars, the truck, bus, and train transportation systems of the nation will be swamped. On the other hand, if it is possible to preserve cars in the hands of their owners, it will be an advantage to all transportation and to the war effort. If the time should come when the Government had to call on civilians to sacrifice their tires, we know they would respond patriotically. In the meantime, no American should deliberately waste the mileage left in his tires.
>
> In spite of the excellent job the Army and Navy have done in re-arranging specifications to reduce the rubber consumption of military articles, our war machine still eats up huge amounts of rubber.
>
> It has been necessary, therefore, for the Rubber and Rubber Products Branch of the War Production Board to curtail drastically the rubber permitted for civilian articles, and to establish new specifications to reduce the rubber content in essential articles.

Justice Dept. Sets Up War Division

U. S. Attorney General Biddle announced on May 20 that there has been established in the Department of Justice a special war division under which all the Department's war activities will be coordinated. Mr. Biddle said the new division will have the same status as other divisions, such as the Anti-Trust and Criminal sections. It will be temporarily directed by Charles Fahy, Solicitor-General. In the new division will be the Alien Enemy Control Unit, the Alien Property Unit, which handles litigation for the Alien Property Custodian, and the Special War-Policy Unit, charged with coordinating policy matters relating to sedition, espionage and sabotage.

At a press conference on May 20, Mr. Biddle said that he was opposed to the mass evacuation of alien enemies from the Eastern military area recently designated by the Army and declared that the problem of German, Italian and Japanese nationals should be handled individually.

Employment Held Principal Problem Of Post War Period Of Readjustment

Stating on May 18 that "the observance of National Foreign Trade Week and of Maritime Day may seem to some thoughtless minds a work of supererogation, seeing that trade and shipping are now so completely subordinate to our military needs," James A. Farrell, Honorary Chairman of the New York Foreign Trade Week Committee, said that "nevertheless, we should not lightly assume that the observance of National Foreign Trade Week and Maritime Day has no message for the nation." Mr. Farrell, who spoke at the World Trade Luncheon, at the Hotel Astor in New York during the New York Foreign Trade Week, added that "our industries have been converted to the production of the implements of war. Production of civilian goods has been greatly curtailed. Our shipping has been absorbed into naval and military service, under control of the Maritime Commission, and is playing a conspicuous part in the war effort which is indispensable to ultimate victory." He further said, "the presence here today of the Under Secretary of Commerce should disabuse our minds of any intention of postponing indefinitely our plans for the future, or of minimizing the importance of preserving intact the efficient mechanism of our foreign trade, which is so vital to the recovery of our oversea markets when the war ends." In part Mr. Farrell continued:

> Unless we as a nation take the lead now in formulating a post-war program for giving effect to the general principles agreed upon in the Anglo-American pronouncement of Feb. 23 last, we need not be surprised if the proposals of other nations make it extremely difficult to reach a general accord on the practical application of those accepted principles. It is gratifying to know that our Government, in consultation with other planning bodies, is intent at present in translating the Anglo-American Agreement into working measures for the rehabilitation of international trade. Having regard to the disparities in economic development that exist between nations, the task of reaching a wise solution of all the difficulties involved must be hastened to completion before the war ends, if the world is to be spared chaotic disorder through lack of prudent foresight. . . .
>
> It is not enough that we should be united in opposition to Nazi ideas that are repugnant to free peoples. Within our own nation we must reach an accord not only in respect to the general principles of the Anglo-American Agreement, but by united action agree upon the form in which the Agreement can be translated into practice.
>
> The goal toward which we were advancing in pre-war years is that of a more uniform and steady rate of progress in international trade, by the elimination as far as possible of recurring cycles of boom and depression. Neither the mountain tops of prosperity, nor the deep valleys of depression meet the requirements of the business man. It is the average level of business activity that fortifies the individual judgment in taking a long view of business planning.
>
> The chief problem that confronts the post-war world is that of employment. To the solution of this intricate problem all planning must be directed. We cannot doubt the enormous possibilities that lie ahead, in aiding in world reconstruction, involving mechanical adjustments everywhere to peacetime production.
>
> It should not be beyond the resources of statesmanship to discover means for the raising of the standards of living and buying power in countries where these are subnormal, and thereby creating employment in a world of increased productivity and consumer demand.
>
> The world of free nations is rapidly moving forward to a fuller realization of the advantages of closer cooperation, after a period distinguished by failure of so many countries to fulfill their hopes of self-sufficiency. Policies based on a clear consciousness of the economic interdependence of nations alone can further the aims of those who are planning for a new and better world order.

An address by Secretary of State Hull incident to the observance of National Foreign Trade Week was referred to in our May 21 issue, page 1947.

Oppose Patman Bill As Real Estate Threat

Owners of commercial real estate face a threat to their property which seems so serious that it might even be termed a partial confiscation of capital if the proposed Patman Bill should become law, Frederick P. Champ, President of the Mortgage Bankers Association of America, declared on May 23 in a statement to the organization's members.

The bill (H. R. 6760, sponsored by Representative Patman of Texas) provides that anyone whose principal business is in articles or commodities coming under the government's rationing system, can institute legal proceedings to be fully relieved of his liabilities under a lease and partially relieved under a mortgage or trust deed.

Mr. Champ had the following to say:

> The bill, in effect, says that anyone so affected has the right to seek to be relieved of one of the principal items in his operating expenses—his rent or, if his property is mortgaged, his principal payments. Thus his obligation is shifted to the property owner. Because war has brought rationing, it is proposed to make the property owner assume one of the principal burdens resulting from it, while relieving the renter or the mortgagor of his obligations. Not many suggestions made in the past ten years, it would appear, so flagrantly violate the sacredness of a mutual contract.
>
> Automobile, tire and refrigerator dealers are obviously within the scope of the proposed legislation; conceivably hardware, shoe and all sorts of dealers might be embraced by the law later. It is entirely conceivable that before the war has been brought to a successful conclusion, a large part of our commercial renters or mortgagors might have a right to ask for this relief. Many of these properties are owned by institutions or the loans on them are held by institutions. They, in turn, represent millions of policyholders who will naturally be adversely affected by the law.

In his communication, Mr. Champ declared he did not know what the possibilities were for the bill becoming a law but that it ought to be opposed in his opinion. He added:

> I fully appreciate the motive behind the bill and the desire to help the small business man who, through no fault of his own, finds his business curtailed or shut down entirely. But there is certainly no reason to ask the property owners to make all the sacrifices.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In March

Average hourly earnings of wage earners in manufacturing industries rose 0.7% from mid-February to mid-March to reach a level of 80.9 cents, Secretary of Labor Frances Perkins reported on May 19. "Relatively few wage-rate increases were reported and increases in overtime premiums were not of significant proportions, in view of the fact that most war-production plants had already increased the hours of individual workers close to the maximum for effective operating," she said.

Secretary Perkins added:

> Hourly earnings in durable-goods manufacturing rose 0.6% to reach a level of 89.9 cents per hour, while the increase for non-durable goods was 0.7% to a level of 70.6 cents per hour. The increase in average hourly earnings since March, 1941, was 16.1% for all manufacturing, 17.1% for durable goods and 13.0% for non-durable goods. Average hours worked reached 42.5 for all manufacturing industries (a rise of 5.5% over the year), 44.7 in the durable goods (7.1% above March, 1941), and 39.8 hours in non-durable goods (3.0% above March, 1941).
>
> Virtually all of the durable-goods industries had scheduled hours of more than 40 per week per wage earner and 19 of the durable-goods industries reported actual average working hours of more than 44 per week in March. Three important war industries reported actual working hours of more than 50 per week per wage earner: machine tools (54.6), machine-tool accessories (55.6); and screw-machine products (50.8). Other strategic war industries reported the following working hours: fire-arms (49.8), foundries and machine shops (48.6), shipbuilding (48.4), aircraft (47.7), electrical machinery (45.8), ammunition (45.7), explosives (44.9), brass, bronze and copper products (45.4). In all cases scheduled hours are longer than average hours worked which are reduced below scheduled hours by absenteeism and labor turnover.
>
> Wage increases from Feb. 15 to March 15 averaging 7.9% were received by approximately 205,000 wage earners in 814 manufacturing establishments reporting increases to the Bureau of Labor Statistics. In the durable-goods industries about 120,000 workers were affected, while 85,000 workers secured advances in the non-durable goods industries. Industries in which substantial numbers of workers received wage-rate increases were as follows: brass, bronze and copper products (17,100), foundry and machine-shop products 16,700), chemicals (13,800), electrical machinery, apparatus and supplies (13,000), boots and shoes (10,200), blast furnaces, steel works and rolling mills (8,500), machine tools (7,800), paper and pulp (7,800), and cotton goods (5,100).
>
> As a result of the gains which occurred in both hourly earnings and working hours, weekly earnings rose 23.9% over the year to reach a level of $36.15 in March, 1942. In the durable-goods industries weekly earnings rose 26.1% to a level of $42 while those for the non-durable goods increased 17.1% over this same interval to $27.72.
>
> Hourly earnings in coal mining showed little change over the month, although marked gains occurred over the year interval. In March, 1942, anthracite miners average 98.9 cents per hour, a rise of 9.2% since March, 1941; bituminous-coal miners averaged $1.06 per hour, a rise of 19.5% over the year. Working hours showed little change, averaging 34.6 in anthracite and 31.5 in bituminous mines; average weekly earnings stood at $34.43 and $32.92, respectively. Hourly earnings in metal mines moved steadily upward to 86.6 cents, a rise of 16.5% since March, 1941. Hours amounted to 44.2 as compared with 41.0 a year earlier; while weekly earnings reached $38.27, an increase of 24.0% over the year. Hourly earnings have risen moderately in recent months in the various public utilities, as have their weekly earnings. Hourly earnings in wholesale trade (84.7 cents in March, 1942), have shown a substantially greater rise in recent months than those for retail trade (59.9 cents in March, 1942).

Sees Record Volume Of South American Trade

(Continued from First Page)

millions, or nearly 50% more than in 1918, the largest year ever recorded. The total volume of the trade of the 10 nations among themselves in 1939, the first year of the war, was nearly 200 millions.

These figures do not reflect the substantially increased exports of war materials to the United States by South American nations, nor expanded commerce with the Central American nations, the Caribbean countries and Mexico.

The new and additional trade developed by the South American nations among themselves, as well as the emergency exports of war materials to the United States soon should make up the losses of Central European and other markets cut off by the war, if South American trade is considered as a whole. The distribution of the new volume, however, differs from the old, with some of the nations, especially the large metal producers, relatively benefiting more than others.

The few incomplete figures available for 1941 indicate that the inter-South American trade of at least eight of the 10 nations is growing rapidly. The Banco Central de Reserva del Peru, for instance, reports that Peruvian exports to seven of its continental neighbors increased 29% for the first 10 months of 1941 over 1940.

In normal years trade of Colombia and Venezuela with their South American neighbors has been negligible but this is now increasing, especially with Brazil. Figures reported by the Chamber of Commerce of Caracas show that Venezuelan exports for the first half of 1941 were 90% of her total for all of 1940, or nearly doubled. Ecuador's total exports to all countries in 1941 exceeded 1940 by 20%, three-fourths of all the exports going to the United States and the remainder to Latin America.

A large part of the increase in the inter-South American trade is in textiles and other consumer goods, much of which were imported from Europe before the war, but with aid and encouragement from the United States some of the nations also are looking now toward the manufacturing of steel and similar durable goods.

Chile, Peru, Colombia, Brazil and Argentina, are actively expanding their consumer goods industries, particularly textiles. Uruguay also is reported very active in building up her exports of finished woolen fabrics to her neighbors.

Growing recognition of their community of interests may be seen in the trade agreements consummated among the South American nations in the last decade, and others now being considered. They have already had a marked effect in increasing the continental trade. These agreements are on the most-favored-nation basis and at least one, between Chile and Ecuador, provides for exchange of certain products without tariff. Another significant agreement was that negotiated by Argentina and Brazil by which they sought to make their economies more complementary by granting concessions to industrial and agricultural products of major volume in one country but only of minor volume in the other.

Mr. Iglehart also points out that "the rapid growth of trade among the Good Neighbors of South America has caused them to give new thought to the dollar as a common standard of value and to the stabilization of their currencies in relation to each other and to the dollar." He adds:

> In the case of Paraguay, for example, her trade with her neighbors is so substantial a part of her foreign commerce and especially with Argentina that those two nations have agreed to provide for establishment of a foreign exchange fund to aid in Paraguayan monetary stabilization.
>
> Establishment of the dollar as a standard of value on a gold basis throughout Latin America would help to insure the maintenance of a large volume of this inter-South American trade after the war, as well as substantial trade between all of Latin America and the United States. It is certain that if trade between the United States and Latin America could be established on a gold standard basis the exchange control and export-import permits could be eased and trade in the whole Hemisphere would develop much more easily now and after the war. That action would also make it more difficult in the future for any foreign nation dealing in tokens such as Askimarks.

Instalment Sales Rule Under Regulation W

The Federal Reserve Bank of San Francisco issued on May 18 the following statement in connection with revised Regulation W of the Board of Governors of the Federal Reserve System pertaining to consumer credit:

> Inquiries received by this bank indicate that some stores have gained the impression that the Federal Reserve Regulation setting maximum terms on instalment and charge accounts, as revised effective May 6, permits sales to be made on "open book" or "charge account" with the understanding that the account may later be converted to an instalment sales contract having a maturity up to six months. This procedure apparently has been considered acceptable by some stores and consumers as a means of avoiding the cash down payment provisions required on all instalment sales of listed articles.
>
> Such an impression is erroneous. The sale of any listed article in an open book or charge account with an agreement, arrangement, or understanding that the credit will later be converted into an instalment contract violates sections 5(a) and 11(a) of the Regulation. It is desired that this be widely understood by all retailers extending credit in order that they may not unintentionally make sales which do not comply with the Regulation.

The Reserve Board's revised regulation was referred to in these columns May 7, page 1780.

OPA Clarifies Price Order And State Fair Trade Laws

Nothing in the General Maximum Price Regulation authorizes sales below the minimum prices established under State Fair Trade laws if these minimums are equal to or less than the ceiling prices set by the Regulation, Price Administrator Leon Henderson stated on May 22. The OPA announcement likewise said:

> Section 8 of the Regulation providing that "lower prices than those established by this Regulation may be charged, demanded, paid or offered" should not be construed to express an intent to void any seller's obligation to maintain minimum prices under any fair trade agreement or State Fair Trade Act. The purpose of this provision, Mr. Henderson said, is to make clear to sellers and buyers that OPA is fixing maximum prices only.
>
> Mr. Henderson's announcement supplements a statement issued by him a few days ago to the effect that State Fair Trade Laws cannot require a retailer to sell above his ceiling price. On that occasion Mr. Henderson made the following three points:
>
> 1. Fair trade agreements may establish a minimum price which is binding upon a retailer only if that minimum is not higher than the ceiling prices of that retailer.
>
> 2. No new fair trade agreement effective after May 18 may establish minimum prices for a retailer higher than the March ceiling price of that retailer .
>
> 3. If the highest price charged by a retailer during March was below the minimum price established by a fair trade agreement, the retailer is nevertheless "frozen" to the prices he actually charged, regardless of the fact that in charging such price he may have violated a fair trade agreement or a State Fair Trade Act.
>
> However, in the last instance, where a retailer is "frozen" at a *maximum price* which forces him to sell below the *minimum price* set in a fair-trade agreement that was in effect in March, he may apply under Section 18(a) of the Regulation for an adjustment of his ceiling on the ground that it is "abnormally low in relation to the maximum prices of the same or similar commodities established . . . for other sellers at retail."

US Advances Funds For Cuban Sugar Supply

The Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation, on May 13 began advancing more than $150,000,000 to Cuban sugar mill owners for sugar now in warehouses. From Associated Press Havana advices, the following is taken:

> Business observers predicted the release of the funds, which some said might run as high as $200,000,000, would create a business boom in Cuba.
>
> The Defense Supplies Corporation bought the entire 1942 export sugar crop of Cuba. The money represents interest-free loans the corporation agreed to make in exchange for an arrangement whereby the mills would supply a greater amount of raw sugar, and a smaller percentage of molasses, than had been agreed upon originally.
>
> But while business men expected a boom to result from the release of the loans, in other quarters it was said that war problems made the future outlook for sugar very uncertain.

Plans for the United States purchase were referred to in these columns Feb. 12, page 676.

Extends War Rent Areas

The Office of Price Administration on May 23 enlarged the size of six previously announced war production rental areas because expanding activities and the construction of army camps have made the rent situation critical in these areas.

The areas involved included Northeastern New Jersey, originally designated as the counties of Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset and Union, and extended to include Sussex County.

On May 26 the OPA designated 18 additional communities and all of the Territory of Alaska as "defense-rental areas."

The OPA recommends a date at which maximum rents should be established in the areas and if the recommendations are not carried out within 60 days the OPA will then step in and impose Federal controls.

OPA action on high rents in 323 defense-rental areas was reported in these columns May 7, page 1779.

President Asks Added $614 Million For Navy

President Roosevelt asked Congress on May 25 to appropriate or grant contractual authority for an additional $614,425,000 for the Navy.

Items listed in a request to Speaker of the House Rayburn included, according to the Associated Press, a deficiency estimate for the 1941 fiscal year amounting to $650,000,000, a supplemental estimate for the 1942 fiscal year totaling $404,355,000 in cash and contract authorization, and a supplemental estimate of $209,440,000 for the 1943 fiscal year. The press advices from which we quote further said:

> The estimates also proposed to increase the contract authorization for naval aviation for 1942 from $650,000,000 to $800,000,000, of which $210,000,000 would be available for plant facilities.

FIC Banks Place Debs.

The Federal Intermediate Credit Banks on May 14 made a successful placement of $41,165,000 debentures through Charles R. Dunn, New York, fiscal agent for the banks. Of the total amount $36,415,000 were sold publicly at par, of which $16,015,000, dated June 1, 1942, and due Jan. 2, 1943, carries a coupon rate of 0.75% and $20,400,000, dated June 1, 1942, and due April 1, 1943, bears a coupon rate of 0.85%. The other issue of $4,750,000 carrying a coupon of 0.50% and maturing Sept. 1, 1942, was sold privately at par. Of the proceeds of the sale $38,450,000 will be used to pay off a like amount of debentures due June 1 next and $2,715,000 is for new money. At the close of business June 1 the banks will have outstanding $299,470,000 debentures, an all time high.

War Savs. Radio Program To Get Award Of Merit

Vincent F. Callahan, Director of Press and Radio of the War Savings Staff of the Treasury Department, will accept a certificate of merit awarded to one of the War Savings radio programs by the Women's Press Club of New York City at a special ceremony to be held in the Hotel Pennsylvania, New York, on May 23. The program voted the award by the Women's Press Club was entitled "Education for Death," and was one of the "Treasury Star Parade" series of transcriptions which are being broadcast three times weekly over almost all of the nation's 868 radio stations. A part of the prize-winning program will be broadcast at the award presentation meeting.

Non-Ferrous Metals—End-Use Of Copper To Fix Allocations By WPB—Price Of Iridium Cut $10

"Metal and Mineral Markets" in its issue of May 21 stated: "To control the flow of copper for the war program, end-use of the metal henceforth will determine the tonnages to be allocated to consumers monthly. Frozen inventories, made up in part of fabricated products, should yield 255,000 tons of copper and 45,000 tons of zinc, officials in Washington believe. Iridium, one of the metals in the platinum group, now tightly controlled, is quotable at $165 an ounce troy, a reduction of $10 an ounce." The publication further reported as follows:

Copper

Harry O. King, head of the Copper Branch of WPB, met with members of the industry during the last week to outline an improved plan for handling allocations of the metal by means of determining the exact needs of fabricators. He told members of the trade that about 2,000,000 tons is in sight for this year, which includes foreign copper, scrap, etc. The Government wants 3,500,000 tons of copper a year for the domestic and lend-lease war program.

Consumers will be required to fill out a questionnaire to obtain copper, describing in great detail exactly where and when the product manufactured will be put to use. The plan is expected to eliminate all guess-work in fixing allocations and speed the movement of the metal into essential channels. Mr. King believes that consumers will, under the plan, obtain copper a month or more ahead of the period when the metal will be needed for fabrication.

Production of copper in Chile, Peru, and Mexico during April totaled 51,342 tons, which compares with 49,212 tons in March.

Sales of copper in the domestic market during the week ended May 19 amounted to 10,854 tons, against 22,264 tons in the week previous. Sales for the month so far amounted to 70,856 tons. The price situation was unchanged, domestic metal selling on the basis of 12c., Connecticut Valley, with foreign copper moving into the country on the basis of 11.75c., f. a. s. United States ports.

Lead

Distribution of lead to domestic consumers is holding at between 70,000 and 75,000 tons a month. May requirements of consumers are covered to about 75%, with June at 25%, according to estimates in the trade. Sales of common lead for the week ended May 20 involved 14,407 tons. Common lead in New York continued at 6.50c., with the St. Louis basis also unchanged at 6.35c.

Domestic refineries produced 58,950 tons of lead during April, of which total 52,049 tons was obtained from domestic ore. The trend in output has been upward since the beginning of the war.

Zinc

The zinc industry is busy preparing for full allocation scheduled for June 1. Under the plan, producers will be permitted to ship 25% of a consumer's needs, provided the producer feels certain that the consumer is working on war business and will obtain an allocation certificate.

The price situation last week was unchanged. Sales of common grades by the Prime Western division for the week ended May 16 amounted to 5,508 tons, against 6,332 tons in the week previous. Shipments of common zinc for last week amounted to 6,769 tons, against 6,014 tons the week before. The backlog dropped to 86,638 tons.

Tin

Advices from Washington state that the smelter in Texas is to be enlarged again, this time to a tonnage sufficient to treat virtually all of the concentrate being produced in countries now supplying the United Nations. This would bring the capacity to around 90,000 tons of tin a year. The program provides against possible damage to the Liverpool smelter now treating concentrate shipped to England by Patino. It also permits the United Nations to take advantage of the shipping situation.

Production of tin in the Belgian Congo is being increased to a total of 20,000 tons (metal content) a year. Nigeria is being pressed to raise output to 17,000 tons of tin or more.

Straits quality tin for future deliveries was nominally as follows:

	May	June	July
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000
May 16	52.000	52.000*	52.000
May 18	52.000	52.000	52.000
May 19	52.000	52.000	52.000
May 20	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c., all week.

London Tin—No quotations.

Quicksilver

The price situation in quicksilver remains unchanged. Business was placed during the last week on the basis of $191 per flask, Pacific Coast, prompt shipment, and at $187 per flask on forward metal. The New York quotations continued at $197.30 to $199.21.

Under prevailing conditions, the Spanish market for quicksilver is exerting no influence on the price situation here. However, according to a survey of Spain's metal output in the May issue of "Engineering and Mining Journal," that country is producing quicksilver currently at the rate of 7,000 flasks a month. Stocks of quicksilver in Spain at the beginning of the year amounted to 52,000 flasks, the report states.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d.

The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c. and 35c., respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	Electrolytic Copper		Straits Tin,	Lead		Zinc
May	Domest., Refin.	Exp., Refin.	New York	New York	St. Louis	St. Louis
14	11.775	11.700	52.000	6.50	6.35	8.25
15	11.775	11.700	52.000	6.50	6.35	8.25
16	11.775	11.700	52.000	6.50	6.35	8.25
18	11.775	11.700	52.000	6.50	6.35	8.25
19	11.775	11.700	52.000	6.50	6.35	8.25
20	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 16 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.: St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage etc.) to arrive at the f.o.b. refinery quotation.

From Washington

(Continued from First Page)

which we are told on the radio every night and in the daily press will win the war. These men who are out there shooting and getting shot—they are really puny.

They are making a valorous but indistinct contribution as I understand it. Something we have to have, of course, in war. But if I am to listen to the radio and the newspapers, the men who are really winning this war are those engaged on the psychological front, preferably in Archie MacLeish's office of what has come to be known as the Office of Fascists and Fascism, at $8,000 or $9,000 a year.

The National Press Club has, in the past few months, witnessed more heroes turn up in jobs in Archie's outfit at the above stated salaries ,than one could shake a stick at. And not one of them was placed except on the basis that he thought "every man should get in there and pitch."

And they are pitching, too, these high paid heroes of Archie's. They are terribly worried about our morale. We don't seem to realize that a war is on. That is the trouble with us. We are entirely too complacent. Most every night there is someone on the radio either directly working for Archie or sponsored by him, telling us how dumb we are. THIS IS WAR! It is a truly frightening shriek. One must search his mind as these men who are not only making money but seeking deferment from the draft, utter the words. Out over all the country the gold stars are going up in the windows, the word comes from missing Kansans and Nebraskans in Bataan, the tell-tale telegrams come of the boys lost in Hawaii—et's forget that—they come telling of stories in the jungles of the East.

The mothers who get these messages—the fathers whose businesses are being closed—those people who are being wrecked by taxes, by rationings, by price ceilings—they do not know that a war is on. They will be told that tonight by Archie MacLeish's disciples—in print and over the air.

They will be told that—because this is really a Psychological War. If these mothers who have put up the Gold Stars and these fathers who have been ruined in their businesses think this is war because of these facts, they are very foolish. They are not a part of the New Understanding.

The New Understanding is that Words will win the war. Why in the name of God we ever pitched men into it is something that I don't understand. Words will win. We have got to give Archie and his legions full leash so that words will win it. Your MacArthur's and the boys on the front are a lot of nonsense. If we are to survive Hitler we must let Archie and his word boys have full sway.

It is a funny thing, too, because I have asked every one of my friends what was the influence of the counterparts of Archie—the German propagandists—on him. And each and every one has replied that he had never heard any Axis propaganda in his life. Some of these people have said that they had a radio fitted for short wave broadcasting but that so help them goodness, they had long had too much to do to tune in on it. But notwithstanding this aversion of Americans to the foreign short wave broadcasts, our MacLeish's insist the German propaganda constitutes one of the gravest problems the Government is up against.

Unquestionably these broadcasts are having an affect on our officials. In the past month I have heard three high ranking officials accuse one another of uttering the words of Goebbels.

In view of the articulation of the bureaucrats in Washington I don't see how in the world the fighting men, with all their medals, and heroic deeds, have a chance in the future. They won't be able to tell about what they have done. But the Bureaucrats will.

April Building Permit Valuations Are Down

Permit valuations in April were 32% lower than during the corresponding month of 1941, Secretary of Labor Frances Perkins reported on May 23. "All classes of construction shared in the decrease," she said. "The heaviest decline (40%) occurred in the value of new non-residential building. New residential building showed a decrease of 29%, while additions, alterations, and repairs were lower by 19%. The stop construction order issued by the War Production Board, effective April 9, was largely responsible for the falling off in the projection of new construction." Secretary Perkins further stated:

> April valuations were also lower than those for March, which is a contra - seasonal movement. The total permit valuations in April were 12% lower than during March. Over the same period, new non-residential building showed a decrease of 37% while additions, alterations, and repairs declined by 3%. There was, however, an increase of 11% in indicated expenditures for new residential buildings. This increase was brought about by resumption of Federally financed housing construction in defense areas.
>
> During the first 4 months of 1942, permits were issued in reporting cities for buildings valued at $826,131,000, a decrease of 8% as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first 4 months of the current year amounted to $391,167,000, a loss of 14% as compared with the first 4 months of the preceding year. Over the same period new non - residential building decreased slightly less than 1% and additions, alterations, and repairs declined 7%.

The Bureau's tabulations of permit valuations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For April 1942, Federal and State construction in the 2,364 reporting cities totaled $55,474,000; for March 1942, $78,367,000, and for April 1941 $84,449,000.

Changes in permit valuations in the 2,364 reporting cities between April 1942, March 1942, and April 1941 are summarized below:

	Change from April, 1941, to April, 1942	
Class of Construction—	All Cities	Excluding N. Y. City
New residential	—29.0%	—25.7%
New non-residential	—39.8%	+ 0.9%
Additions, alterations, & repairs	—19.1%	—16.7%
All construction	—31.8%	—19.1%

	Change from March, 1942, to April, 1942	
Class of Construction—	All Cities	Excluding N. Y. City
New residential	+10.6%	+14.8%
New non-residential	—37.1%	—36.0%
Additions, alterations, & repairs	— 2.5%	— 1.1%
All construction	—12.2%	—10.0%

Comparisons of permit valuations in cities reporting for the first 4 months of 1941 and 1942 are shown in the following table:

	Change from First 4 Months of 1941 to First 4 Mos. of 1942	
Class of Construction—	All Cities	Excluding N. Y. City
New residential	—13.8%	— 8.7%
New non-residential	— 0.3%	+13.1%
Additions, alterations, & repairs	— 6.8%	— 1.6%
All construction	— 8.0%	— 0.0%

The Bureau's advices also state:

> New housekeeping dwellings for which permits were issued in the 2,364 reporting cities in April 1942 will provide 33,096 dwelling units or 19% more than the 27,916 dwelling units reported in the previous month, and 20% fewer than the number provided in April, 1941. Dwelling units in publicly financed housing projects included in these totals numbered 8,522 in April 1942, 2,462 in March 1942, and 7,931 in April, 1941.
>
> Principal centers of various types of building construction for which permits were issued or contracts were awarded in April 1942, except those awarded by the War and Navy Departments, Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: Camden, N. J., 1-family dwellings to cost $683,000; Auburn, N. Y., factories to cost $653,000; New York City—Borough of Manhattan, a school to cost $775,000, and the Borough of Queens, 2-family dwellings to cost $1,098,000; Philadelphia, Pa., 1-family dwellings to cost $2,629,000; Upper Darby Township, Pa., 1-family dwellings to cost $498,000, and 2-family dwellings to cost $999,000; Chicago, Ill., 1-family dwellings to cost $1,108,000, and factories to cost $1,010,000; Lincolnwood, Ill., a factory to cost $1,500,000; Dearborn, Mich., factories to cost $1,030,000; Detroit, Mich., 1-family dwellings to cost $4,086,000, and factories to cost $2,832,000; Flint, Mich., factories to cost $1,694,000; Cleveland, Ohio, 1-family dwellings to cost $1,057,000; Columbus, Ohio, 1-family dwellings to cost $674,000; Toledo, Ohio, a factory to cost $1,000,000; Beloit, Wis., factories to cost $810,000; Washington, D. C., multi-family dwellings to cost $2,461,000, and a dormitory to cost $600,000; Baltimore, Md., 2-family dwellings to cost $773,000; Baltimore County, Dist. No. 12, 1-family dwellings to cost $1,002,000; Alexandria, Va., multifamily dwellings to cost $1,101,000; Norfolk, Va., 1-family dwellings to cost $839,000; Arlington County, Va., to cost $2,098,000; and Los Angeles, Calif., 1-family dwellings to cost $1,149,000, and multifamily dwellings to cost $5,549,000.
>
> Among the publicly financed housing projects for which contracts were awarded during April were the following developments with the indicated number of dwelling units: New Haven, Conn., $1,200,000 for 300 units; Boston, Mass., $3,200,000 for 972 units; Holyoke, Mass., $820,000 for 219 units; Jersey City, N. J., $1,643,000 for 416 units; Chicago, Ill., $1,150,000 for 269 units; Springfield, Ohio, $712,000 for 250 units; Burlington, Iowa, $1,129,000 for over 400 demountable units; Washington, D. C., $8,490,000 for 815 units; Norfolk, Va., $2,265,000 for 900 demountable units; Compton, Calif., $1,500,000 for 500 units; Sacramento, Calif., $1,217,000 for 332 units; Vallejo, Calif., $755,000 for 300 demountable units; Portland, Ore., $1,312,000 for 400 units; Tacoma, Wash., $1,711,000 for 400 units; and Vancouver, Wash., $1,705,000 for 550 demountable units.

Hints Greater AEF

President Roosevelt implied to his press conference on May 19 that additional American troops are to be sent to Europe. Commenting on the arrival on that day of a large United States force in Northern Ireland, the President said that the landing operation was successfully carried out and expressed the hope that success would continue in the future. When a reporter asked if that meant more troops Mr. Roosevelt replied that there was a sort of implication in his remarks. Contingents of U. S. troops began arriving in Ireland on May 19.

War Industry Strikes Increased In April

Man-days lost from war production due to strikes in April of this year were 8/100 of 1% of total man-days worked during the month, William H. Davis, Chairman of the National War Labor Board, announced on May 14.

The following table made available by the Board gives a detailed picture of the strike situation as it affected war production during April, compared with March of this year and April of last year:

	April, 1942	March, 1942	April, 1941
Man-days lost	173,500	166,700	1,031,000
Man-days worked	213,000,000	200,000,000	59,000,000
Percentage—time lost to time worked	8/100 of 1%	8/100 of 1%	1¾%
Number of strikes	*95	74	------
Number of men involved	43,000	39,250	------

*One of this number was a lockout.

The Board states that the strike figures were based on the work of an interdepartmental committee on strike statistics. The committee consists of representatives of the War, Navy, and Labor Departments, the War Production Board, the Maritime Commission, and the War Labor Board.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
May 26	118.34	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
25	118.40	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
23	118.38	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
21	118.08	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.50
20	117.92	106.56	116.02	113.12	107.44	92.06	96.38	110.70	113.70
19	117.86	106.56	116.02	113.12	107.62	92.06	96.54	110.70	113.50
18	117.88	106.56	116.02	113.12	107.62	92.06	96.54	110.88	113.50
16	117.88	106.56	116.02	113.12	107.44	92.06	96.54	110.88	113.70
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
14	117.80	106.56	116.02	113.31	107.44	92.06	96.54	110.88	113.50
13	117.89	106.56	116.02	113.12	107.44	92.06	96.54	110.70	113.70
12	117.72	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
11	117.74	106.56	116.02	113.12	107.44	92.20	96.69	110.70	113.70
9	117.76	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
7	117.83	106.74	116.22	113.12	107.44	92.20	96.54	110.70	113.70
6	117.98	106.74	116.22	113.12	107.62	92.06	76.54	110.70	113.70
5	118.01	106.74	116.02	113.12	107.62	92.20	96.69	110.70	113.70
4	117.86	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
2	117.98	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.40	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago May 26, 1941	118.41	106.39	116.80	113.31	107.09	91.19	96.69	110.88	112.93
2 Years ago May 25, 1940	113.22	99.20	112.37	109.60	99.68	79.84	86.78	105.69	106.92

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
May 26	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
25	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
23	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
21	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.98
20	3.36	2.85	3.00	3.31	4.27	3.98	3.13	2.97
19	3.36	2.85	3.00	3.30	4.27	3.97	3.13	2.98
18	3.36	2.85	3.00	3.30	4.27	3.97	3.12	2.98
16	3.36	2.85	3.00	3.31	4.27	3.97	3.12	2.97
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
14	3.36	2.85	2.99	3.31	4.27	3.97	3.12	2.98
13	3.36	2.85	3.00	3.31	4.27	3.97	3.13	2.97
12	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
11	3.36	2.85	3.00	3.31	4.26	3.96	3.13	2.97
9	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
7	3.35	2.84	3.00	3.31	4.26	3.97	3.13	2.97
6	3.35	2.84	3.00	3.30	4.27	3.97	3.13	2.97
5	3.35	2.85	3.00	3.30	4.26	3.96	3.13	2.97
4	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
2	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago May 26, 1941	3.37	2.81	2.99	3.33	4.33	3.96	3.12	3.01
2 Years ago May 25, 1940	3.80	3.04	3.19	3.77	5.20	4.65	3.41	3.34

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Electric Output For Week Ended May 23, 1942 Shows 11.2% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 23, 1942, was 3,379,985,000 kwh., which compares with 3,040,029,000 kwh. in the corresponding period in 1941, a gain of 11.2%. The output for the week ended May 16, 1942, was estimated to be 3,356,921,000 kwh., an increase of 11.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 23, '42	May 16, '42	May 9, '42	May 2, '42
New England	9.8	8.7	7.8	8.0
Middle Atlantic	8.2	8.4	8.7	9.7
Central Industrial	9.0	9.3	10.2	11.1
West Central	8.2	8.2	10.1	8.9
Southern States	15.4	16.7	17.0	16.1
Rocky Mountain	4.6	2.5	3.3	3.3
Pacific Coast	19.2	19.6	20.1	19.8
Total United States	11.2	11.5	12.0	12.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	3,345,502	2,975,407	+12.4	2,524,066	1,480,208	1,679,589
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460

Steel Production Again At Record High—War Needs Increasing—More Plants Converted

War Production Board officials this week are preparing to take steps to prevent "priorities inflation" under which a flood of high ratings is interfering with the efficient flow of vital materials to United States war plants, reports "The Iron Age" in its issue of today (May 28), adding in part: "When the Allocation Classification Plan is put into use in conjunction with the production requirements plan, "The Iron Age" is told, 90% of all industries will no longer operate under the "P" or preference rating orders. NPB several months ago indicated that the expanding war program made it impossible to continue the use of preference ratings assigned under the "P" orders without any exact check of the amount of material obtained by their use. The automobile industry has already adapted more than two thirds of its automotive manufacturing equipment to the production of armaments. In addition, 3% of its equipment is earmarked for near-future war work, according to the Automotive Council for War Production."

The American Iron and Steel Institute on May 25 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.6% of capacity for the week beginning May 25, compared with 99.2% one week ago, 98.9% one month ago and 98.6% one year ago. The rate for the current week equals the all-time peak figure established two weeks ago and represents an increase of 0.4 points or 0.4% from the preceding week. The operating rate for the week beginning May 25 is equivalent to 1,691,800 tons of steel ingots and castings, compared to 1,685,000 tons one week ago, 1,679,900 one month ago, and 1,591,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 25 stated in part:

"While production and shipment of steel are at an unprecedented rate, new records being made constantly, demand is outrunning best efforts of the industry and war requirements are crowding out practically everything else.

"Critical ratings are moving up steadily and producers who have been forced to refuse all business rated below A-1-a are receiving directives which jeopardize commitments even at this top rating. Steelmakers who have been able to promise delivery at lower priorities find the margin steadily narrowing. At the same time orders are increasing as more manufacturing plants complete conversion to war production and enter the market for steel. This trend promises to continue for some time, until changeover to essential goods is completed.

"Current scrap supply is meeting production needs, little complaint being heard of shortage. Intensive collection programs continue, with good results."

Real Weekly Earnings At Unprecedented High

"Real" weekly earnings of manufacturing workers in the United States, total man hours worked, and total payrolls rose in March to levels never before attained, according to statistics compiled monthly by the Conference Board, New York.

Under date of May 20, the Board stated:

> "Real" weekly earnings, that is dollar earnings adjusted for changes in the cost of living, increased 0.5% from February to March. The March level was 7.7% higher than in March, 1941, and 39.1% higher than the average for 1929.
>
> Man hours rose 1.7% in March above the February figure, and exceeded the March, 1941, level by 20.0%. The March figure was 13.8% above the 1929 level.
>
> Payrolls advanced 2.6% in March over February. The March figure was 38.8% higher than that for the corresponding month last year, and 72.0% above that for the year 1929.
>
> March is the latest month for which data are available for the 25 industries regularly surveyed by the Conference Board.
>
> Weekly earnings at $38.14 in March, were 1.6% higher than in February, 19.9% higher than in March of last year and 33.6% higher than the 1929 level. Since May, 1940, the month before our defense program was initiated, when the wage earner got $27.67 per week, his earnings have risen 37.8%. The total rise since the month before the outbreak of hostilities in Europe is 39.8%. The rise in his "real" earnings is somewhat less by reason of the rise in the cost of living. Hourly earnings advanced 0.9% in March to $.888. At that figure they were 15.5% above those of March, 1941, and 50.5% above average hourly receipts in 1929.

Jones Calls For More Synthetic Rubber

Secretary of Commerce Jesse Jones told a Senate Agriculture sub-committee on May 21 that he had recommended that the nation's synthetic rubber production program be increased from 800,000 tons a year to 1,000,000 tons and that plans are under way for using more grain alcohol in the rubber production to bring it in line with the use of petroleum.

In the course of his testimony, Mr. Jones revealed that the War Production Board will soon announce a program for converting the liquor distilleries to the production of alcohol needed for making explosives, rubber and other war materials.

The Secretary also disclosed that Government financed plants for converting grains and other farm products into synthetic rubber would be increased from present plans for 80,000 tons to 200,000 tons.

Mr. Jones' previous testimony on the rubber program was noted in these columns April 16, page 1559.

Secretary of Agriculture Wickard on May 8 told the Senate subcommittee that the present program for use of grains to make alcohol for synthetic rubber production should be expanded; his remarks were reported in our issue of May 14, page 1870.

Govt. Group To Study Wage Stabilization

A special committee of four high governmental officials has been appointed to decide whether a further directive from President Roosevelt is necessary to deal with the problem of wage disputes that do not come before the National War Labord Board. This was revealed on May 19 by William H. Davis, head of the NWLB, who is a member of the group, together with Secretary of Labor Perkins, Price Administrator Henderson and War Manpower Commission Chairman McNutt.

In his seven-point program for control of the war-time cost of living, the President said that "all stabilization or adjustment of wages will be settled by the War Labor Board machinery" but it is estimated that the Board handles less than 10% of the industrial disputes seeking wage increases. Mr. Davis said that under these circumstances it is difficult to stabilize wages and clarification of the President's order is needed to deal with the problem of wage increases that are granted voluntarily by employers which might have an inflationary effect. Advices as to his comments are taken as follows from Washington Associated Press accounts May 19:

> Citing Canada's wage controls, Mr. Davis said:
>
> "We might say we don't want any wage increases except for those getting below $25 a week."
>
> He said he used the Canadian standard as an illustration and not necessarily as his view of a standard wage in the United States. He reiterated that he regarded absolute freezing as "a very tragic thing because it would bear down heaviest on the lowest income groups."

Moody's Daily Commodity Index

Tuesday, May 19		231.5
Wednesday, May 20		232.0
Thursday, May 21		231.5
Friday, May 22		231.5
Saturday, May 23		231.8
Monday, May 25		231.8
Tuesday, May 26		231.7
Two weeks ago, May 12		231.9
Month ago, April 25		231.7
Year ago, May 26		196.3
1941	High—Sept. 9	219.9
	Low—Feb. 17	171.6
1942	High—April 9	234.0
	Low—Jan. 2	220.0

To Encourage Redemption Of 1941 Loan Wheat

The Department of Agriculture announced on May 20 that farmers will be permitted to redeem farm-stored wheat held under loan to Commodity Credit Corporation through June 30, 1942, at feed wheat prices.

Explaining this plan the Department stated:

In the area where the feed wheat price is determined on the basis of the Corporation's release price for corn, the redemption price shall be the Corporation's release price for corn at the producer's delivery point but not less than 93c a bushel.

In the area where the feed wheat price is determined on the basis of the 1941 wheat loan value at the point of destination, the redemption price shall be 3 cents more than the 1941 loan value of wheat.

Producers must agree in writing that the wheat will be fed on the farm to livestock or poultry or will be sold for such purpose. No redemption or sale shall be permitted unless the county committee determines that the producer redeeming the wheat or the producer purchasing the wheat has sufficient livestock or poultry to utilize the wheat as feed within a reasonable length of time. Producers purchasing wheat from other producers will be required to agree in writing that the wheat will be fed to livestock or poultry.

In the event the purchaser fails to feed the wheat to livestock or poultry, he shall be required to pay to the Corporation an amount equal to the difference between the loan value, plus interest, plus the storage allowance, plus interest, and the amount at which the wheat was redeemed. The producer having the loan may deliver wheat not fed or sold as feed to the Corporation on the loan basis.

The plan further provides that producers who redeem their 1941 wheat be permitted to retain the 7-cent storage allowance on 1941 wheat if they have received the allowance, and that the 7-cent allowance be deducted from redemption price in the event they have not received it, and producers who redeem 1940 wheat be permitted to retain the 7-cent storage allowance advanced at the time the loan was extended and the 5-cent storage allowance for the extended period be deducted from the redemption price.

Says Public War Housing Schedule Must Be Speeded

To provide homes for war workers the public war housing program must be stepped up to provide five times as many homes in a third the time as in any previous public housing effort, Commissioner Herbert Emmerich of the Federal Public Housing Authority, declared in an address at the 10th annual meeting of the National Association of Housing Officials in Baltimore on May 13. This unprecedented schedule of construction is necessary, he said, to provide shelter and decent living conditions for the great army of migrating workers demanded by the war industries. These workers, it is added, must be provided adequate housing if our Army and Navy and Air Forces are to be sustained and are to prevail. "The gravity of our situation," Mr. Emmerich asserted, "is emphasized by three factors—the shortage of materials, the lack of transportation, and the lack of public recognition of the facilities and standards needed to preserve high production rates and faster schedules."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of bituminous coal in the week ended May 16 is estimated at 11,480,000 net tons, indicating an increase of 65,000 tons, or 0.6%, over the output in the preceding week. Production in the corresponding week of 1941 was estimated at 9,936,000.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended May 16 was estimated at 1,262,000 tons, a decrease of 4,000 tons, or 0.3%, from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 390,000 tons (about 45%). The calendar year to date shows a gain of 16.7% when compared with the corresponding period of 1941.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 16 showed a decrease of 2,100 net tons, when compared with the output for the week ended May 9. Coke from beehive ovens increased 23,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	—Week Ended—			—January 1 to Date—		
	‡May 16, 1942	§May 9, 1942	May 17, 1941	May 16, 1942	May 17, 1941	May 15, 1937
*Bituminous coal—						
Total, incl. mine fuel	11,480	11,415	9,936	215,049	162,826	177,032
Daily average	1,913	1,903	1,656	1,867	1,404	1,552
†Crude petroleum—						
Coal equiv. of weekly output	5,581	5,677	6,062	119,168	114,205	103,700

*Includes for purposes of historical comparison and statistical convenience the production of lignite.

†Total barrels produced during the week converted into equivalent coal assuming 6,000,000 b.t.u. per barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702).

‡Subject to revision.

§Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	—Week Ended—			—Calendar year to date—		
Penn. anthracite—	§May 16, 1942	May 9, 1942	May 17, 1941	May 16, 1942	May 17, 1941	May 18, 1929
*Total, incl. colliery fuel	1,262,000	1,266,000	872,000	22,371,000	19,177,000	28,087,000
†Commercial production	1,199,000	1,203,000	819,000	21,253,000	18,218,000	26,065,000
Beehive coke—						
United States total	168,300	144,500	126,600	2,918,400	1,958,400	2,431,200
By-product coke—						
United States total	1,180,500	1,182,600	‡	22,747,100	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Week Ended—					May
State—	May 9, 1942	May 2, 1942	May 10, 1941	May 11, 1940	May 8, 1937	avge. ¶1923
Alaska	4	4	3	3	2	**
Alabama	386	391	63	269	73	398
Arkansas and Oklahoma	71	62	11	18	8	66
Colorado	123	115	81	81	79	168
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,173	1,241	880	677	516	1,292
Indiana	430	430	347	270	223	394
Iowa	41	48	25	44	21	89
Kansas and Missouri	160	149	83	89	69	131
Kentucky—Eastern	977	976	761	780	797	679
Kentucky—Western	227	208	245	118	126	183
Maryland	43	44	19	24	17	47
Michigan	5	4	3	2	1	12
Montana	57	50	42	49	27	42
New Mexico	27	21	15	19	26	57
North and South Dakota	23	28	18	15	14	**14
Ohio	752	732	558	408	450	860
Pennsylvania bituminous	2,884	2,742	2,468	1,882	1,953	3,578
Tennessee	148	153	100	117	56	121
Texas	5	5	6	15	15	22
Utah	91	81	49	36	31	74
Virginia	418	413	335	284	231	250
Washington	26	23	26	23	28	44
*West Virginia—Southern	2,314	2,300	2,200	1,928	1,652	1,380
†West Virginia—Northern	904	913	783	587	543	862
Wyoming	124	125	70	80	56	110
‡Other Western States	1	1	1	††	††	**5
Total bituminous coal	11,415	11,260	9,193	7,818	7,014	10,878
§Pennsylvania anthracite	1,266	1,321	829	935	952	1,932
Total, all coal	12,681	12,581	10,022	8,753	7,966	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Engineered Construction For Week Up 315% Compared With Year Ago

Engineered construction volume for the week totals $216,513,000 the eighth time in the 21 weeks since the beginning of the year that the total has topped the $200,000,000-mark. The week's volume is 315% higher than in the corresponding 1941 week, but 6% under a week ago as reported by "Engineering News-Record" on May 21. The report also said:

The high totals of the opening three weeks of May bring construction to $881,345,000 for the period and insure a new record volume for the month.

Public construction for the current week is 479% above last year, however, it is 3% under the high total of last week. Private construction is 44 and 46% lower, respectively, than a year ago and a week ago. Federal work is responsible for the week's high volume, and is 1,367% over the 1941 week, but 3% under the preceding week.

The current week's total boosts 1942 construction to $3,773,129,000, a 73% increase over the volume for the 21-week period in 1941. Private construction, $295,303,000, is 51% below the period last year, but public work, $3,477,826,000, is 120% higher than a year ago as a result of the 205% gain in Federal construction.

Construction volumes for the 1941 week, last week, and the current week are:

	May 22, 1941	May 14, 1942	May 21, 1942
Total construction	$52,346,000	$229,877,000	$216,513,000
Private construction	16,563,000	17,371,000	9,305,000
Public construction	35,783,000	212,506,000	207,208,000
State and municipal	22,452,000	10,380,000	11,487,000
Federal	13,331,000	202,126,000	195,721,000

New capital for construction purposes for the week totals $26,448,000, an increase of 328% over the volume for the corresponding week last year. The week's new financing is made up of $1,346,000 in state and municipal bond sales, $10,102,000 in corporate security issues, and $15,000,000 in RFC loans for industrial plant expansion.

New construction financing for the year to date, $6,811,776,000, is 110% higher than the $3,237,025,000 reported for the 21-week period in 1941.

Federal Reserve April Business Indexes

The Board of Governors of the Federal Reserve System on May 23 issued its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for March, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	April 1942	Mar. 1942	April 1941	April 1942	Mar. 1942	April 1941
Industrial production—						
Total	†174	172	144	†172	168	144
Manufactures—						
Total	†181	180	153	†180	177	153
Durable	†234	230	180	†234	227	181
Nondurable	†138	139	131	†137	137	130
Minerals	†130	127	95	†125	118	96
Construction contracts, value—						
Total	†115	125	103	†131	125	117
Residential	†84	95	80	†99	99	93
All other	†140	149	121	†157	147	136
Factory employment—						
Total	*	134.7	122.0	*	135.0	122.6
Durable goods	*	146.9	126.3	*	147.4	127.7
Nondurable goods	*	123.1	118.0	*	123.2	117.8
Factory payrolls—						
Total	---	---	---	*	182.9	134.7
Durable goods	---	---	---	*	217.3	149.9
Nondurable goods	---	---	---	*	144.3	117.7
Freight-car loadings	143	136	112	136	129	108
Department store sales, value	†117	124	104	†114	118	106
Department store stocks, value	*	†107	74	*	†109	76

*Data not yet available. †Preliminary or estimated.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	April 1942	Mar. 1942	April 1941	April 1942	Mar. 1942	April 1941
Manufactures—						
Iron and steel	†198	198	181	†198	198	181
Pig iron	*	194	170	*	194	170
Steel	217	216	192	217	216	192
Open hearth & Bessemer	179	180	172	179	180	172
Electric	483	473	333	483	473	333
Machinery	†274	265	194	†274	265	194
Transportation equipment	†345	327	196	†345	327	206
Non-ferrous metals & products	†182	184	183	†183	185	184
Copper smelting	†155	147	145	†155	147	145
Zinc smelting	185	184	164	185	184	164
Copper deliveries	†195	208	221	†195	208	221
Zinc shipments	145	148	147	145	148	147
Lumber and products	†134	134	132	†133	129	130
Lumber	†127	128	128	†127	120	128
Furniture	†149	145	139	†144	147	135
Stone, clay, & glass products	†160	171	141	†159	142	140
Cement	161	188	139	161	141	139
Polished plate glass	43	41	142	43	43	142
Textiles and products	†151	152	150	†151	152	150
Cotton consumption	177	169	161	177	169	161
Rayon deliveries	170	175	158	170	175	158
Wool textiles	*	148	152	*	148	152
Leather products	†121	120	115	†125	128	119
Tanning	*	126	109	*	126	110
Cattle hide leathers	*	139	119	*	140	119
Calf and kip leathers	*	96	97	*	91	96
Goat and kid leathers	*	117	96	*	116	99
Shoes	†118	116	119	†124	129	125
Manufactured food products	†136	137	123	†124	121	112
Wheat flour	98	101	110	92	98	103
Meat packing	†141	144	126	†133	131	119
Other manufactured foods	†138	138	122	†121	121	107
Paper and products	*	150	134	*	155	137
Paperboard	154	162	143	157	168	146
Newsprint production	109	106	114	109	106	114
Printing and publishing	†119	121	118	†125	126	124
Newsprint consumption	98	103	106	105	107	113
Petroleum and coal products	*	126	121	*	122	120
Petroleum refining	*	120	119	*	116	119
Gasoline	†106	117	120	†105	112	118
Fuel oil	*	124	120	*	122	117
Lubricating oil	*	131	118	*	130	122
Kerosene	*	113	117	*	115	119
Coke	160	160	133	160	160	133
Beehive	502	476	69	502	476	69
Byproduct	150	151	134	150	151	134
Chemicals	†168	161	133	†171	165	136
Minerals—						
Fuels	†125	122	86	†120	122	87
Bituminous coal	†178	146	22	†150	140	18
Anthracite	†114	113	71	†122	116	76
Crude petroleum	†105	114	113	†107	115	116
Metals	†156	154	149	†158	98	149
Iron ore	217	215	199	236	23	210
Copper	†170	162	152	†175	165	156
Lead	*	134	119	*	131	121

*Data not yet available. †Preliminary or estimated.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	160	122	45	135	125	38
Coke	200	168	137	176	175	120
Grain	117	119	113	100	102	96
Livestock	101	97	93	90	77	82
Forest products	159	149	130	159	149	130
Ore	267	282	266	218	73	203
Miscellaneous	141	143	130	142	139	131
Merchandise, l.c.l.	80	92	102	81	92	103

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Labor Bureau's Wholesale Price Index Shows Slight Decline In May 16 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on May 22 that in the first week during which wholesale markets were governed by the Office of Price Administration General Maximum Price Regulation the average level of wholesale prices showed little change. The Bureau's comprehensive index of wholesale prices of nearly 900 commodities for the week ended May 16 stood at 98.5% of its 1926 average. This, says the Department, was more than 1% above its highest level during March, 1942, the base period stipulated in the Regulation. While part of this increase since March reflects higher prices for farm products and for certain foods not subject to price ceilings, indexes for many other commodity groups which are under control remained above their March levels; these groups include hides and leather products, textile products, fuel and lighting materials, house-furnishing goods, and miscellaneous commodities. While the Regulation went into effect for transactions at wholesale on May 11, it is possible that prices of some commodities as reported during the week failed to show the full adjustments which are required, the Department states. It adds:

> As of April 28, 1942, just prior to the issuance of the General Maximum Price Regulation by the Office of Price Administration, more than 52% by value of all the commodities included in the Bureau of Labor Statistics' general wholesale price index were already subject to formal or informal price ceilings. The new Regulation brought under control an additional 25% of the commodities included in this index as measured by their 1940 value, leaving about 23%—principally agricultural products—still uncontrolled.
>
> For the 52% of commodities which were subject to direct controls of one kind or another prior to the issuance of the General Maximum Price Regulation, the average increase in price from Aug. 12, 1939, to April 18, 1942, was about 25%. The increase during the same period for the additional commodities which were brought under control for the first time under the new Regulation, was only slightly greater—averaging 27%. The products which remain exempt from control subsequent to the issuance of the General Maximum Price Regulation rose 52% on the average in the same interval.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 18, 1942, and May 17, 1941, and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

Commodity Groups—	5-16 1942	5-9 1942	5-2 1942	4-18 1942	5-17 1941	Percentage changes to May 16, 1942, from 5-9 1942	4-18 1942	5-17 1941
All Commodities	*98.5	98.6	98.7	98.3	84.6	—0.1	+0.2	+16.4
Farm products	104.3	104.0	104.8	105.2	76.3	+0.3	—0.9	+36.7
Foods	98.2	99.3	99.9	98.6	79.7	—1.1	—0.4	+23.2
Hides and leather products	119.8	120.2	120.0	119.8	106.1	—0.3	0	+12.9
Textile products	97.3	97.3	97.2	97.0	82.4	0	+0.3	+18.1
Fuel and lighting materials	78.8	78.7	78.6	78.1	75.6	+0.1	+0.9	+ 4.2
Metals and metal products	*104.0	103.9	103.9	103.9	98.1	+0.1	+0.1	+ 6.0
Building materials	110.1	110.0	108.7	108.8	100.2	+0.1	+1.2	+ 9.9
Chemicals and allied products	97.3	97.3	97.1	97.1	83.7	0	+0.2	+16.2
Housefurnishing goods	104.6	104.6	104.6	104.4	92.3	0	+0.2	+13.3
Miscellaneous commodities	90.2	89.9	89.6	89.6	79.4	+0.3	+0.7	+13.6
Raw materials	98.9	99.5	100.1	99.9	79.3	—0.6	—1.0	+24.7
Semimanufactured articles	92.8	92.6	92.5	92.7	86.4	+0.2	+0.1	+ 7.4
Manufactured products	*99.3	99.3	99.1	98.6	87.2	0	+0.7	+13.9
All commodities other than farm products	*97.2	97.4	97.3	96.9	86.5	—0.2	+0.3	+12.4
All commodities other than farm products and foods	*95.9	95.8	95.6	95.5	87.3	+0.1	+0.4	+ 9.9

*Preliminary.

Fertilizer Ass'n Price Index Lower

The rising trend in the general level of wholesale commodity prices was halted last week, according to the wholesale price index compiled by The National Fertilizer Association and made public on May 25, which was fractionally lower. In the week ended May 23, 1942, this index stood at 128.0% of the 1935-1939 average, compared with 128.1 in the preceding week, 127.7 a month ago, and 106.8 a year ago.

The slight drop in the all commodity index last week was due principally to rather marked declines in the price of some farm products. Livestock quotations were higher but declines in grains and cotton were more than sufficient to lower the farm product group index fractionally. The textile price index declined to the March levels, due to a drop in the price of raw cotton. The index of miscellaneous commodities was lower, reflecting price declines for cottonseed meal and linseed meal. The fertilizr materials group moved to higher levels last week as a result of an upturn in the price of dried blood. The food index remained unchanged last week, the result of price declines counter-balancing price advances.

During the week price declines and price advances were evenly balanced with 12 items included in the index advancing and 12 declining; in the preceding week, there were 16 advances and 15 declines; in the second preceding week there were 21 advances and 4 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week May 23 1942	Preceding Week May 16 1942	Month Ago Apr. 18 1942	Year Ago May 24 1941
25.3	Foods	125.3	125.3	125.6	101.1
	Fats and Oils	139.1	139.1	138.0	111.5
	Cottonseed Oil	163.0	163.0	159.3	120.8
23.0	Farm Products	137.8	138.1	137.7	102.9
	Cotton	187.4	191.4	193.3	121.4
	Grains	115.1	117.2	113.9	94.3
	Livestock	133.9	133.0	133.0	100.9
17.3	Fuels	119.5	119.5	117.4	106.5
10.8	Miscellaneous commodities	127.9	128.1	128.3	115.0
8.2	Textiles	148.8	149.5	149.5	128.3
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.8	151.8	151.7	116.6
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	119.8	118.7	118.7	107.1
.3	Fertilizers	115.3	115.3	115.3	101.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	128.0	128.1	127.7	106.8

*Indexes on 1926-1928 base were: May 23, 1942, 99.7; May 16, 1942, 99.8; May 24, 1941, 83.2.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on May 19. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Mills, Inc., common	292,837	304,299	
Allied Stores Corp., 5% preferred	4,103	5,003	
American-Hawaiian Steamship Co., common	69,100	69,600	
American Hide & Leather Co., 6% preferred	7,100	7,500	
American Home Products Corp., capital	3,001	3,157	
American Ice Co., 6% preferred	24,065	25,777	
American Viscose Corp., 5% cumulative preferred	1,746	1,646	(1)
Armour & Co. (Del.), 7% preferred	1,057	1,675	
Associates Investment Co., common	19,905	21,106	
5% cumulative preferred	9,464	13,983	
Atlantic Gulf & West Indies Steamship Lines, 5% pfd.	------	1,100	
Atlas Corp., common	273,961	29,937	(2)
6% preferred	6,122	11,273	
Barnsdall Oil Co., common	29,500	32,800	(3)
Belding Heminway Co., common	54,632	55,032	
Borden Co. (The), capital	31,254	34,254	
Bucyrus-Erie Co., common	31,241	21,741	
7% preferred	10,907	11,061	
Case (J. I.) Co., preferred	3,235	3,535	
Century Ribbon Mills, Inc., 7% preferred	160	190	
Chicago Yellow Cab Co., Inc., capital	9,604	10,004	
Consolidated Oil Corp., common	13,500	34,800	
Crucible Steel Co. of America, 5% conv. preferred	5,000	7,300	
Cuban-American Sugar Co., The, 7% cumul. preferred	6,733	7,443	
5½% conv. preferred	13,588	14,388	
Davega Stores Corp., common	9,550	10,350	
Detroit Edison Co. (The), common	10,118	8,453	
Federated Department Stores, Inc., 4¼% conv. preferred	13,000	11,700	(4)
Firestone Tire & Rubber Co. (The), common	318,319	318,459	
6% cumulative A preferred	23,366	25,166	
Florsheim Shoe Co. (The), class A common	1,115	1,015	
Freuhauf Trailer Co., common	1,352	1,294	
5% convertible preferred	1,175	1,205	
Gaylord Container Corp., 5½% cumul. conv. preferred	------	------	(5)
General Motors Corp., common	247,640	3,726	(6)
General Shoe Corp., common	3,525	3,251	
Gillette Safety Razor Co., $5 conv. pref.	4,149	4,849	
Gimbel Brothers, Inc., $6 cumul. preferred	8,216	3,216	(7)
Goodyear Tire & Rubber Co. (The), $5 cum. conv. pref.	15,765	16,165	
Hanna (M. A.) Co., The, $5 cumulative preferred	100	140	
Household Finance Corp., common	7,497	10,483	
Insuranshares Certificates, Inc., common	------	------	(8)
Interlake Iron Corp., common	25,003	25,143	
International Mining Corp., common	500	------	(9)
Jewel Tea Co., Inc., common	3,834	3,824	
Jones & Laughlin Steel Corp., common	63,253	65,958	
5% preferred B	25,301	26,383	
5% preferred A	25,301	26,383	
Madison Square Garden Corp., capital	19,800	20,800	
Mead Corp., The, $5.50 cumulative preferred B	2,913	1,842	(10)
$6 cumulative preferred A	450	350	(11)
Mohawk Carpet Mills, Inc., capital	15,600	19,100	
National Aviation Corp., capital	900	1,700	
National Department Stores Corp., 6% preferred	77,813	78,253	
Natomas Co., common	------	------	(12)
Plymouth Oil Co., common	7,700	9,900	
Radio Corp. of America, preferred B	------	------	(13)
Real Silk Hosiery Mills, Inc., 7% cumulative preferred	5,303	5,503	
Reliable Stores Corp., common	42,859	43,459	
Republic Steel Corp., 6% cumulative convertible preferred	483	3,507	
Safeway Stores, Inc., 5% cumulative preferred	2,014	3,252	
Schenley Distillers Corp., 5½% cumulative preferred	3,601	4,001	
Seaboard Oil Co. of Delaware, capital	15,300	16,300	
Sheaffer (W. A.) Pen Co., common	4,156	4,385	
Superheater Co., The, common	83,350	96,850	
Swift & Co., capital	78,005	77,967	
Transamerica Corp., capital	1,079,300	1,086,123	
United Fruit Co., common	5,000	5,300	
Vulcan Detinning Co. (The), 7% preferred	2,025	2,175	
White (The S. S.) Dental Mfg. Co., capital	1,283	1,338	

NOTES

(1) 900 shares retired; 800 shares acquired.
(2) 8,614 shares acquired; 252,638 shares retired.
(3) 5,100 shares acquired; 1,800 shares disposed of.
(4) 1,300 shares retired.
(5) 1,435 shares acquired and retired.
(6) 243,914 shares disposed of through operation of employee bonus plan.
(7) 5,000 shares retired.
(8) 2,300 shares acquired and retired.
(9) Retired.
(10) 703 shares acquired; 1,774 shares retired.
(11) 30 shares acquired; 130 shares retired.
(12) 7,200 shares acquired and retired.
(13) 800 shares acquired and retired.

The New York Curb Exchange issued on May 14, the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., convertible pref.	None	500
American General Corp., $2.50 div. ser. preferred	309	359
$2 div. ser. preferred	8,931	9,156
Common	356,644	356,656
American Writing Paper Corp, common	11,300	12,800
Art Metal Works, Inc., common	5,944	6,244
Blue Ridge Corp., $3 conv. pref.	2,465	2,915
Bourjois, Inc., common	7,775	None
Catalin Corp. of America, common	72	2
Cohn & Rosenberger, Inc., common	16,025	17,333
Cooper-Bessemer Corp., $3.00 prior pref.	700	1,000
Crown Central Petroleum Corp., common	570	573
Dejay Stores, Inc., common	8,486	8,986
Dennison Manufacturing Co., A common	10,588	10,447
Detroit Gasket & Mfg. Co., 6% preferred	13,516	11,866
Fuller (George A.) Co., common	51	212
Holt (Henry) & Co., Inc., participating A	20,800	20,884
Interstate Hosiery Mills, Inc., capital	6,545	6,945
Klein (D. Emil) Co., Inc., common	14,155	14,989
Knott Corp., common	8,058	8,358
Mangel Stores Corp., common	None	495
$5 convertible pref.	900	1,600
Merritt-Chapman & Scott Corp, 6½% A preferred	3,243	3,543
Michigan Bumper Corp., common	24,000	None
Midland Oil Corp., $2 convertible pref.	8,100	8,200
Mock, Judson, Voehringer Co., Inc., common	None	1,312
Monarch Machine Tool Co., common	6,000	None
Navarro Oil Co., common	14,746	11,809
Niagara Share Corp. of Maryland, A preferred	4,226	4,236
B common	139,081	139,281
Oilstocks, Ltd., capital	104	304
Seeman Brothers, Inc., common	19,700	20,000
Selected Industries, Inc., $5.50 div. prior stock	2,800	3,300
Seton Leather Co., common	6,200	7,500
Sterchi Bros. Stores, Inc., 6% first preferred	None	25
5% second preferred	None	50
Stroock (S.) & Co., Inc., capital	18,350	18,500
Trunz, Inc., common	16,434	16,444
Tung-Sol Lamp Works, Inc., 80-cent convertible pref.	28,129	37,129
Common	7,604	2,604
United Profit-Sharing Corp., common	314	315
Utility Equities Corp., $5.50 div. prior stock	8,590	8,790

Farmers May Defer Wheat Crop Insurance Payments

A deferred payment plan for the new three-year crop insurance contract offered wheat growers the first time this year was announced on May 25 by the Department of Agriculture. Payment of the premium in annual instalments (usually about harvest time) is permitted, thus obviating the need for an immediate cash outlay for the entire insurance period when the contract is signed, Leroy K. Smith, Manager of the Federal Crop Insurance Corporation, explained. He added:

> "Each instalment on the premium will be payable in wheat or the cash equivalent on or before the date each instalment payment is due. The dates instalments become due will vary from State to State. Generally, these due dates will be about harvest time.
>
> "If instalments are not paid when due, the insured grower, under terms of his contract, allows the Corporation to deduct the amount of the instalment from his indemnity, if any; from payments due him for cooperating in the national farm program; or from any commodity loan he might obtain under any loan programs administered by the Secretary of Agriculture."

The announcement adds:

> Growers may make one payment covering premium instalments for the first two of the three crop years embodied in the contract if they choose. The Corporation is not permitted by law to accept such payments for more than one year in advance. Collection of instalments is provided for by the commodity note, a part of the three-year contract.
>
> Although the contract specifies insurance protection against all unavoidable hazards such as drought, wind, flood, insects, and other similar hazards for three years, growers may cancel the last year of the insurance upon written notice to their local AAA committees on or before the final day for accepting contracts during the second year of the contract period. No one-year contract will be written on the 1943 wheat crop.

RFC To Assist Dealers In Rationed Articles

The Reconstruction Finance Corporation is prepared to buy from, or to make loans to, dealers in articles or commodities which have been rationed, it was announced on May 17 by Secretary of Commerce Jesse Jones. His announcement said:

> "The loans or purchases will be made on a basis which will enable dealers (a substantial part of whose business consisted in the handling of rationed articles or commodities) to secure for any such article or commodity an amount equal to its cost to such dealer to the extent that the cost is a reasonable one incurred in the ordinary course of business. A reasonable allowance for transportation costs, storage, servicing, insurance and carrying charges may be included in the loan or purchase price."

Inquiries and applications should be made to the RFC Loan Agency of the district in which the applicant is located.

Such purchases and loans will be made under the Act approved by President Roosevelt on May 11. This is the bill primarily designed to provide relief for dealers in automobiles, tires and such other articles as are rationed. It passed the Senate on April 27 and the House on April 28, as was indicated in these columns April 30, page 1712.

Treasury Amendment On War Bond Reissue

In making available on May 19 to banks in the New York Federal Reserve District copies of Second Amendment, dated April 20, 1942, to Treasury Department Circular No. 530, Fourth Revision, entitled Regulations Governing United States Savings Bonds, the Federal Reserve Banks of New York points out that it is the purpose of the amendment to provide:

> (1) That a United States Savings Bond registered in the name of one person alone in his own right, or to which one person is shown to be entitled in his own right, upon appropriate request (Form PD 1762) by such person, may be reissued in the name of the owner together with that of another individual as coowner; and
>
> (2) That a United States Savings Bond registered in the beneficiary form, upon appropriate request (Form PD 1762) by the registered owner, may be reissued with the name of the designated beneficiary as coowner.

Allan Sproul, President of the Reserve Bank, also says:

> In addition, the Treasury Department has authorized this bank to add a beneficiary to a United States Savings Bond registered in the name of one person alone in his own right, upon the execution by such person of an appropriate request on Form PD 1077-A.
>
> The Treasury Department has also advised this bank that a request (on Form PD 1762) to add a coowner in accordance with Section 315.11 (a) (4), or a request (on Form PD 1077-A) to add a beneficiary, may be signed by a minor who is of sufficient competency and understanding to request payment of the bond.
>
> Reissues under the provisions referred to above may be made only at a Federal Reserve Bank or at the Treasury Department, Washington, D. C. Bonds submitted for reissue in accordance with such provisions will be returned by registered mail at the expense and risk of the owners, and postage sufficient to cover return postage and registry fees should accompany each request.
>
> Copies of Form PD 1762 entitled "Request for Reissue of United States Savings Bonds to Add a Coowner or to Name Present Beneficiary as Coowner" and copies of Form PD 1077-A entitled "Request for Adding a Beneficiary to United States Savings Bond(s) Inscribed in One Name Alone" will be furnished upon request.

Activity In The Cotton Spinning Industry for April

The Bureau of the Census announced on May 20, that according to preliminary figures 24,073,448 cotton spinning spindles were in place in the United States on April 30, 1942, of which 23,100,202 were operated at some time during the month, compared with 23,096,479 for March, 23,077,722 for February, 23,077,352 for January, 23,063,112 for December, 23,069,146 for November, and 22,807,432 for April, 1941.

The aggregate number of active spindle hours reported for the month was 11,462,971,594. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during April 1942, at 135.3% capacity. This percentage compares, on the same basis, with 134.3% for March, 135.9% for February, 136.9% for January, 124.0% for December, 129.4% for November, and 120.1% for April, 1941. The average number of active spindle hours per spindle in place for the month was 476.

Revenue Freight Car Loadings During Week Ended May 16, 1942 Totaled 839,052 Cars

Loading of revenue freight for the week ended May 16, totaled 839,052 cars, the Association of American Railroads announced on May 21. The decrease below the corresponding week in 1941 was 21,750 cars or 2.5%, but the increase above the same week in 1940 was 159,987 cars or 23.6%.

Loading of revenue freight for the week of May 16 decreased 201 cars or 0.02% below the preceding week.

Miscellaneous freight loading totaled 378,175 cars, an increase of 3,741 cars above the preceding week, and an increase of 10,168 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 97,219 cars, a decrease of 1,214 cars below the preceding week, and a decrease of 65,280 cars below the corresponding week in 1941.

Coal loading amounted to 169,007 cars, an increase of 1,198 cars above the preceding week, and an increase of 21,554 cars above the corresponding week in 1941.

Grain and grain products loading totaled 34,964 cars a decrease of 181 cars below the preceding week, and a decrease of 3,941 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 16 totaled 22,016 cars an increase of 201 cars above the preceding week, but a decrease of 4,016 cars below the corresponding week in 1941.

Live stock loading amounted to 11,994 cars, an increase of 296 cars above the preceding week, but a decrease of 942 cars below the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 16 totaled 9,056 cars, an increase of 26 cars above the preceding week, but a decrease of 946 cars below the corresponding week in 1941.

Forest products loading totaled 49,854 cars, a decrease of 764 cars below the preceding week, but an increase of 8,512 cars above the corresponding week in 1941.

Ore loading amounted to 83,793 cars, a decrease of 3,007 cars below the preceding week, but an increase of 7,245 cars above the corresponding week in 1941.

Coke loading amounted to 14,046 cars, a decrease of 270 cars below the preceding week, but an increase of 934 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, Northwestern and Central Western, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Week of May 2	858,904	794,299	665,547
Week of May 9	839,253	837,149	680,628
Week of May 16	839,052	860,802	679,065
Total	16,040,732	14,672,865	12,690,982

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 16, 1942. During this period 61 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 16

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	450	515	583	1,236	1,522
Bangor & Aroostook	1,779	1,924	1,587	320	304
Boston & Maine	6,117	8,603	7,048	15,495	13,809
Chicago, Indianapolis & Louisville	1,345	1,302	1,386	1,893	2,431
Central Indiana	24	16	22	60	61
Central Vermont	1,003	1,419	1,350	2,325	2,896
Delaware & Hudson	6,820	5,957	4,682	12,418	10,522
Delaware, Lackawanna & Western	7,991	9,640	8,969	10,252	8,877
Detroit & Mackinac	275	288	275	162	151
Detroit, Toledo & Ironton	1,976	3,259	2,114	1,376	1,265
Detroit & Toledo Shore Line	315	438	314	2,603	2,930
Erie	14,933	15,066	12,109	16,970	14,126
Grand Trunk Western	3,463	6,225	4,736	7,567	8,331
Lehigh & Hudson River	246	280	338	3,763	2,652
Lehigh & New England	2,166	1,949	1,822	2,080	1,510
Lehigh Valley	9,123	9,557	8,511	12,170	9,398
Maine Central	2,098	3,097	2,660	3,605	3,093
Monongahela	6,041	6,322	4,452	356	410
Montour	2,427	2,324	1,933	36	48
New York Central Lines	46,680	52,283	40,056	55,362	48,033
N. Y., N. H. & Hartford	9,912	12,165	9,285	20,774	16,414
New York, Ontario & Western	1,100	1,175	1,041	3,119	2,427
New York, Chicago & St. Louis	7,636	6,137	5,337	15,196	12,212
N. Y., Susquehanna & Western	418	479	350	1,506	1,750
Pittsburgh & Lake Erie	8,575	8,445	6,070	9,187	10,010
Pere Marquette	5,299	6,637	5,937	5,890	6,188
Pittsburgh & Shawmut	770	805	963	32	61
Pittsburgh, Shawmut & North	424	515	318	247	490
Pittsburgh & West Virginia	1,181	1,152	991	3,031	2,230
Rutland	389	642	619	1,109	1,251
Wabash	5,254	5,906	5,165	13,196	10,811
Wheeling & Lake Erie	5,202	5,522	4,586	4,673	3,955
Total	161,432	180,044	145,609	228,009	200,168
Allegheny District—					
Akron, Canton & Youngstown	704	672	513	1,000	998
Baltimore & Ohio	41,035	41,608	31,062	27,106	21,866
Bessemer & Lake Erie	7,242	6,807	5,228	2,504	2,285
Buffalo Creek & Gauley	*291	267	314	*1	4
Cambria & Indiana	1,960	2,019	985	11	20
Central R. R. of New Jersey	7,494	7,890	6,453	21,105	15,053
Cornwall	701	699	647	51	59
Cumberland & Pennsylvania	328	326	230	18	42
Ligonier Valley	144	97	94	45	21
Long Island	701	800	573	3,639	3,079
Penn-Reading Seashore Lines	1,537	1,627	1,145	2,526	1,790
Pennsylvania System	85,373	87,672	62,242	65,196	55,186
Reading Co.	14,887	16,156	13,031	28,901	22,677
Union (Pittsburgh)	21,210	19,833	15,291	7,294	6,533
Western Maryland	4,073	4,260	3,244	12,811	8,420
Total	187,680	190,733	141,052	172,208	138,033
Pocahontas District—					
Chesapeake & Ohio	29,849	28,648	23,657	14,266	12,736
Norfolk & Western	23,460	24,045	18,417	6,933	6,072
Virginian	4,581	5,094	3,670	2,222	1,847
Total	57,890	57,787	45,744	23,421	20,655
Southern District—					
Alabama, Tennessee & Northern	399	356	263	348	217
Atl. & W. P.—W. R. R. of Ala.	743	847	702	2,452	1,769
Atlanta, Birmingham & Coast	818	786	668	1,330	873
Atlantic Coast Line	13,122	12,341	8,630	8,457	6,446
Central of Georgia	3,783	4,550	3,740	3,776	4,251
Charleston & Western Carolina	349	588	464	1,653	1,881
Clinchfield	1,761	1,895	1,318	2,846	2,846
Columbus & Greenville	326	311	258	165	299
Durham & Southern	200	214	150	1,200	408
Florida East Coast	1,850	1,082	1,849	920	1,073
Gainesville Midland	38	42	23	120	86
Georgia	1,088	1,171	1,103	2,350	1,962
Georgia & Florida	376	369	286	489	633
Gulf, Mobile & Ohio	4,035	3,795	3,377	3,279	3,105
Illinois Central System	27,236	23,015	19,500	15,170	14,295
Louisville & Nashville	27,182	26,352	22,779	9,396	7,387
Macon, Dublin & Savannah	164	153	146	721	894
Mississippi Central	156	158	110	494	353
Nashville, Chattanooga & St. L.	3,702	3,597	2,893	3,761	3,219
Norfolk Southern	1,530	1,212	1,051	2,121	1,076
Piedmont Northern	314	508	381	1,255	1,513
Richmond, Fred. & Potomac	535	466	312	11,006	6,574
Seaboard Air Line	11,553	10,903	9,312	8,859	5,819
Southern System	23,680	26,373	20,801	23,123	19,641
Tennessee Central	678	559	452	1,159	665
Winston-Salem Southbound	92	173	149	979	933
Total	125,710	121,816	100,717	107,429	88,218
Northwestern District—					
Chicago & North Western	21,391	22,651	17,779	12,837	11,784
Chicago Great Western	2,396	2,707	2,491	2,981	3,422
Chicago, Milw., St. P. & Pac.	18,508	21,766	18,356	9,383	8,445
Chicago, St. Paul, Minn. & Omaha	3,333	4,037	3,238	3,526	4,094
Duluth, Missabe & Iron Range	25,234	22,531	14,413	427	258
Duluth, South Shore & Atlantic	1,561	1,549	808	500	482
Elgin, Joliet & Eastern	10,426	10,752	7,537	9,603	8,997
Ft. Dodge, Des Moines & South	543	694	519	145	131
Great Northern	22,538	24,124	16,611	4,661	3,980
Green Bay & Western	539	671	530	694	695
Lake Superior & Ishpeming	3,523	3,114	2,362	67	77
Minneapolis & St. Louis	1,946	2,013	1,519	2,129	2,141
Minn., St. Paul & S. S. M.	6,671	7,940	6,177	3,108	2,744
Northern Pacific	10,204	9,995	9,643	4,543	4,285
Spokane International	147	178	158	349	343
Spokane, Portland & Seattle	2,561	2,514	1,801	3,270	1,987
Total	131,521	137,236	103,942	58,223	53,865
Central Western District—					
Atch., Top. & Santa Fe System	21,213	22,694	18,741	9,673	7,376
Alton	2,905	3,344	2,622	3,570	2,871
Bingham & Garfield	734	680	566	132	103
Chicago, Burlington & Quincy	14,628	16,475	13,153	9,579	9,298
Chicago & Illinois Midland	2,763	2,640	1,996	848	821
Chicago, Rock Island & Pacific	10,581	13,842	10,653	10,311	9,915
Chicago & Eastern Illinois	2,417	2,888	2,320	2,871	3,012
Colorado & Southern	784	724	610	1,705	1,702
Denver & Rio Grande Western	2,994	2,519	2,032	4,533	3,375
Denver & Salt Lake	564	336	338	14	27
Fort Worth & Denver City	1,019	1,596	1,100	1,021	1,042
Illinois Terminal	1,894	1,868	1,642	2,193	1,828
Missouri-Illinois	1,333	1,081	927	461	431
Nevada Northern	2,004	2,026	1,534	118	104
North Western Pacific	1,086	842	731	455	420
Peoria & Pekin Union	18	7	14	0	0
Southern Pacific (Pacific)	28,650	28,190	24,330	9,328	6,498
Toledo, Peoria & Western	286	295	284	1,415	1,491
Union Pacific System	11,912	14,534	11,924	12,143	10,487
Utah	531	224	192	5	3
Western Pacific	1,834	1,592	1,474	3,655	2,713
Total	110,159	118,397	97,183	74,030	63,517
Southwestern District—					
Burlington-Rock Island	160	213	154	165	291
Gulf Coast Lines	5,334	3,380	2,596	2,809	1,715
International-Great Northern	2,862	2,176	1,632	2,855	3,024
Kansas, Oklahoma & Gulf	218	205	292	1,147	861
Kansas City Southern	5,537	2,384	1,823	2,216	2,527
Louisiana & Arkansas	3,279	2,376	1,847	2,213	1,912
Litchfield & Madison	336	310	334	1,008	985
Midland Valley	676	419	407	243	270
Missouri & Arkansas	176	220	207	383	310
Missouri-Kansas-Texas Lines	4,603	4,552	3,903	4,195	3,419
Missouri Pacific	15,436	15,001	12,357	16,457	11,075
Quanah Acme & Pacific	114	115	76	174	170
St. Louis-San Francisco	8,505	8,494	6,430	7,321	5,495
St. Louis Southwestern	2,929	2,676	2,212	6,090	3,042
Texas & New Orleans	9,823	7,757	6,463	4,155	3,960
Texas & Pacific	4,492	4,329	3,879	6,988	5,024
Wichita Falls & Southern	148	164	188	50	72
Weatherford M. W. & N. W.	32	18	18	38	38
Total	64,660	54,789	44,818	58,507	44,190

*Previous week's figure.
Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity* *Current*	*Cumulative*
1942—Week Ended—					
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Retirement Benefits Showed Decline In 1941

The number of workers who were awarded monthly retirement benefits under the Federal old-age and survivors insurance system during 1941 was 13% less than in 1940, Federal Security Administrator Paul V. McNutt said on May 21. In 1940, awards to workers past 65 totaled 132,335, as compared with 114,660 in 1941. The advices from the Federal Security Agency of the Social Security Board, added:

Mr. McNutt attributed this decrease in part to greater employment opportunities for older workers as a result of defense production. He explained that each year for a number of years there normally should be an increase in the number receiving each type of monthly benefits, and stated that awards of all types of benefits except those to workers past 65 had increased in 1941. These include monthly benefits for aged wives of retired workers, widows with young children, aged widows, children and parents of deceased workers, and lump-sum death payments which are made when no member of the deceased worker's family is qualified to receive monthly benefits immediately.

The Administrator said that according to estimates of the Social Security Board's Bureau of Old-Age and Survivors Insurance, the number of workers past 65 who have had sufficient employment and wages to be entitled to monthly benefits but have failed to apply for them is several times more than the number now on the benefit rolls. "Many of these," he said, "are receiving higher wages than formerly because of the current demand for experienced workers. In such cases the amount of their monthly payments will be greater when they do apply for benefits. Those working at lower wages should consult their local social security offices to determine whether it would be to their advantage to send in their applications for benefits now even though they intend to keep on working and will not start drawing benefits until later."

During 1941, awards of lump-sum death payments amounting to $13,229,525 were made to 117,303 persons. Awards of monthly benefits by type of beneficiary and amounts are shown below:

	Number of awards	Amount of benefits per month
Retired workers	114,660	$2,604,740
Aged wives of retired workers	36,213	435,605
Widows with young children	30,502	591,336
Aged Widows	11,020	222,410
Children	75,619	919,224
Parents	1,272	16,406

Bank Loans For War Production Increase

Loans made by commercial banks to finance the production of orders for war goods increased $891,000,000 during the first quarter of 1942, according to the quarterly survey of war lending activity of the American Bankers Association, covering 500 of the country's larger banks, released for publication on May 25. The Association also states:

> The survey showed that 406 reporting banks in 159 cities had war production loans totaling $3,120,486,260 outstanding on March 31, an increase of $891,196,800 over the total on Dec. 31. This compares with an increase of $460,000,000 during the previous quarter ended Dec. 31.
>
> The ABA report is based on a high-spotting survey of 500 of the country's larger banks, 406 of which reported these figures. The 406 banks reported loans and commitments for supplies and equipment totaling $1,641,827,768, and for new plant facilities and construction, $895,679,751. For working capital loans arising out of operations of customers contributing indirectly to war production, the banks reported $562,015,741. Miscellaneous loans for war production purposes totaled $20,963,000.

Daily Average Crude Oil Production For Week Ended May 16, 1942, Off 60,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 16, 1942 was 3,483,900 barrels, a decrease of 60,450 barrels as compared with the preceding week and 300,550 barrels below the daily average for the week ended May 17, 1941. The current figure, however, was 9,400 barrels higher than the daily average for the month of May as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis 3,484,000 barrels of crude oil daily during the week ended May 16, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 99,134,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,945,000 barrels during the week ended May 16, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a O.P.C. Recommendations May	*a* State Allowables Beginning May 1	—Actual Production— Week Ended May 16 1942	Change From Previous Week	4 Weeks Ended May 16 1942	Week Ended May 17 1941
Oklahoma	438,500	438,500	*b*388,000	— 10,950	398,100	415,750
Kansas	259,300	259,300	*b* 261,750	+ 18,800	253,300	218,200
Nebraska	4,500	------	*b* 4,000	+ 250	3,900	4,350
Panhandle Texas			80,350	— 1,830	82,750	78,500
North Texas			148,300	+ 3,400	150,650	129,250
West Texas			190,500	+ 4,300	176,750	256,900
East Central Texas			78,800	— 450	77,850	78,000
East Texas			225,950	+ 50	206,050	373,700
Southwest Texas			134,200	+ 6,750	133,250	210,150
Coastal Texas			209,400	— 20,550	212,300	276,800
Total Texas	960,000	*c*1,155,000	1,067,500	— 8,350	1,039,600	1,403,300
North Louisiana			83,800	+ 2,050	81,250	72,800
Coastal Louisiana			219,800	— 9,500	230,350	242,500
Total Louisiana	298,600	321,100	303,600	— 7,450	311,600	315,300
Arkansas	74,000	72,191	71,250	+ 150	72,350	72,700
Mississippi	48,100		*b*87,450	— 2,450	90,850	28,000
Illinois	329,200		276,750	— 37,950	296,350	325,700
Indiana	17,900		*b* 19,800	— 3,750	20,700	19,750
Eastern (not incl. Ill. & Ind.)	105,400		99,400	+ 2,500	99,550	90,350
Michigan	60,500		66,700	+ 2,600	63,700	38,400
Wyoming	98,300		90,650	— 3,850	92,400	81,350
Montana	25,200		21,600	— 100	21,600	18,900
Colorado	7,900		7,500	+ 700	6,200	3,700
New Mexico	73,300	73,300	70,750	------	73,650	112,700
Total East of Calif.	2,800,700		2,836,700	— 49,850	2,843,850	3,148,450
California	673,800	*d*673,800	647,200	— 10,600	642,300	636,000
Total United States	3,474,500		3,483,900	— 60,450	3,486,150	3,784,450

a O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in February, 1942, as follows: Oklahoma, 29,800; Kansas, 6,000; Texas, 112,700; Louisiana, 20,800; Arkansas, 2,300; New Mexico, 5,600; California, 42,600; other States, 21,900.

b Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 13.

c This is the estimated net basic 10-day allowable as of May 1. Some fields whose oil was considered necessary for the war effort were exempted from any shutdown. For the same reason several other fields were ordered shut down on on May 3, 9 and 10 only. The remainder of the State was ordered shut down on May 2, 3, 4, 8, 9, and 10. The current order did not become effective until the 16th. It is assumed that the 4 day a week shutdown basis of the previous order applied during the intervening period.

d Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 16, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity		Crude Runs to Stills		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Potential Rate	% Reporting	Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	*e*Stocks of Gas Oil and Distillate Fuels	*e*Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,511	63.4	4,928	45,169	14,215	16,203
Appalachian	174	84.5	159	91.4	497	3,927	444	632
Ind., Ill., Ky.	784	84.9	743	94.8	2,361	20,635	2,883	3,280
Okla., Kansas, Mo.	418	81.1	362	86.6	1,237	9,637	844	1,553
Rocky Mountain	138	50.7	87	63.0	297	2,474	320	523
California	787	90.9	622	79.0	1,625	17,292	11,500	56,635
Tot. U. S. B. of M. basis May 16, 1942	4,684	86.9	3,484	74.4	10,945	*a*99,134	30,206	78,826
Tot. U. S. B. of M. basis May 9, 1942	4,684	86.9	3,406	72.7	10,658	100,650	29,947	80,155
U. S. Bur. of Mines basis May 17, 1941			3,860	---	12,885	94,286	33,657	92,020

a Finished, 91,492,000 barrels; unfinished, 7,642,000 barrels. *e* At refineries, at bulk terminals, in transit, and in pipe lines.

*At the request of the Office of the Petroleum Coordinator.

Gross And Net Earnings Of United States Railroads For The Month Of March

The United States railroads are obliged to handle freight and passenger traffic in ever larger quantities as the war production schedules are increased and the ranks of the country's armed forces are swelled. It is therefore no surprise to find that the gross and net earnings for the month of March exceed those reached in March in any previous year.

While it is expected that the heavy war traffic will continue, a question arises as to how the railroads are to be affected by gasoline rationing. No doubt a good number of people will use railroads in place of cars to reach their summer vacation places, but then again, many will not be able to, as there will be no means of transportation from railroad stations to their favorite sites. Means also would have to be found, by those who settle in places remote from towns and cities, to obtain their daily food and other supplies. It has also been suggested that unnecessary rail travel should be restricted. What the net result is going to be remains to be seen.

The statistics of earnings for the month of March reflect the higher passenger fare charges as well as some additional revenue from the freight rate increase which went into effect on March 18.

Gross revenues of the railroads for March, 1942, amounted to $540,299,056, against $415,525,798, an increase of $124,773,258 or 30.03%. Higher wage scales as well as other increased operating expenses absorbed a good part of the added gross but efficient management enabled the railroads to increase their net earnings to $180,204,500, last March from $132,899,824 in March, 1941, a gain of $47,304,676, or 35.59%. We now present the March results in tabular form:

Month of March—	1942	1941	Incr. (+) or Decr. (—)	%
Mileage of 132 roads	231,575	232,297	— 722	—00.31
Gross earnings	$540,299,056	$415,525,798	+ $124,773,258	+ 30.03
Operating expenses	360,094,556	282,625,974	+ 77,468,582	+ 27.41
Ratio of expenses to earnings	(66.65)	(68.02)		
Net earnings	$180,204,500	$132,899,824	+ $47,304,676	+ 35.59

Since the trend of business underlies the general financial statistics of the railroads' operations, we now turn our attention to the activity of the various vital factors responsible for the $124,773,258 increase in railroad operations for the month of March, 1942, in comparison with March of the previous year. Building construction showed an increase of 27.3%; anthracite rose to 5,085,000 net tons, an increase of 10.7%; pig iron output rose 8.7% to 5,113,187 net tons; and steel ingot production recorded an increase of 3.8% over March, 1941, previously the greatest for a month on record, to 7,392,911 net tons. As a result of the restrictions placed on the automobile industry, automobile production followed the previous month's precedent with a decreased production of only 94,510 units. March 1942's production was only 18.6% of March of the previous year.

In the subjoined table we have brought together the more important business statistics for the month of March last in comparison with the same period for the years 1941, 1940, 1932, and 1929:

March—	1942	1941	1940	1932	1929
Automobiles (units):					
*Production (passenger cars, trucks, etc.)	94,510	507,834	423,620	119,344	585,455
Building ($000):					
†Constr. contracts awarded	$610,799	$479,903	$272,178	$112,235	$484,818
Coal (net tons):					
‡Bituminous	47,400,000	47,996,000	35,244,000	32,250,000	40,068,000
§Pennsylvania anthracite	5,085,000	4,595,000	3,773,000	4,789,000	4,859,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,171,439	x3,066,011	x2,489,280	x2,280,837	x3,837,736
††Livestock receipts:					
Chicago (cars)	5,936	5,964	6,271	11,954	16,762
Kansas City (cars)	3,498	2,227	2,121	4,813	7,116
Omaha (cars)	2,381	1,835	1,760	4,135	6,298
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x1,725	x1,746	x1,639	x1,453	x1,785
Wheat (000 bushels)	x17,650	x12,791	x21,416	x13,271	x24,419
Corn (000 bushels)	x23,016	x17,499	x10,959	x10,488	x20,125
Oats (000 bushels)	x4,890	x5,483	x5,428	x4,185	x7,815
Barley (000) bushels)	x6,117	x6,728	x5,032	x2,194	x3,401
Rye (000 bushels)	x1,390	x939	x1,449	x576	x992
Iron and Steel (net tons):					
**Pig iron production	5,113,187	4,704,135	3,270,499	1,160,682	4,457,368
§§Steel ingot production	7,392,911	7,124,003	4,390,090	1,605,337	5,676,357
Lumber (000 feet):					
¶¶Production	x943,853	x977,312	x850,977	x408,573	x1,468,743
¶¶Shipments	x1,067,691	x1,025,531	x899,791	x547,167	x1,562,519
¶¶Orders received	x1,109,621	x1,127,628	x913,150	x552,873	x1,638,245

Note—Figures in above table issued by: *U. S. Bureau of the Census. †F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §U. S. Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. **"Iron Age." §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four weeks.

No less than 74 and 58 roads were able to show major respective increases in gross and net over March, 1941. The Pennsylvania repeated its last year's performance by again heading the gross listing with an increase of $13,943,282 and placing third in net with an increase of $2,952,388. The Southern Pacific was runner-up in both gross and net with increases of $12,832,203 and $5,501,945 respectively.

While the Chesapeake & Ohio showed a minor increase of $25,589 in gross and a decrease of $1,052,929 in the net classification, it is interesting to note that in contrast the New York Connecting showed a decrease of $126,597 in gross, and only a minor decrease of $30,673 in the net category.

In the following table we list all the major changes of $100,000 or more, whether increases or decreases, in both the gross and net clasisfications:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF MARCH

	Increase		Increase
Pennsylvania	$13,943,282	Alton	$612,237
South Pacific (2 roads)	12,832,203	Alabama Great Southern	585,706
Atchison Topeka & Santa Fe	8,607,220	Cinn. N. O & Tex. Pacific	584,094
New York Central	*7,792,968	Duluth Missabe & Iron Range	546,761
Union Pacific	6,783,445	Spokane Portland & Seattle	541,473
Baltimore & Ohio	5,650,399	Long Island	470,131
Southern	3,274,345	Colorado & Southern (2 rds.)	402,446
Illinois Central	3,233,563	New Orleans & Northeastern	402,319
Missouri Pacific	3,230,896	International Great Northern	393,053
New York New Hav. & Hart.	3,146,717	Central of Georgia	383,049
Great Northern	3,046,201	Nashville Chatt. & St. Louis	363,295
Atlantic Coast Line	2,830,452	Chic. St. P. Minn. & Omaha	355,056
Chicago Burlington & Quincy	2,651,711	Chicago Great Western	320,139
Chic. Milwaukee St. P. & Pac.	2,646,814	Minneapolis & St. Louis	317,973
Northern Pacific	2,356,657	Florida East Coast	309,462
Seaboard Air Line	2,303,526	Maine Central	296,914
Chicago & North Western	2,274,328	Western Maryland	295,617
Louisville & Nashville	2,204,900	Gulf Mobile & Ohio	280,438
Chic. Rock Island & Pacific	2,034,424	Norfolk & Western	255,789
New York Chic. & St. Louis	1,937,715	Georgia	237,670
Erie	1,874,279	Louisiana & Arkansas	231,364
Boston & Maine	1,689,052	Elgin Joliet & Eastern	198,781
Reading	1,620,194	Pittsburgh & Lake Erie	197,411
St. Louis-San Fran. (2 rds.)	1,449,758	Norfolk & Southern	134,086
St. Louis Southwestern	1,445,535	Lake Superior & Ishpeming	132,129
Delaware & Hudson	1,229,038	Penn Reading Seashore Lines	130,254
Lehigh Valley	1,220,414	Lehigh & Hudson River	122,923
Missouri-Kansas-Texas	1,217,536	Western Ry. of Alabama	113,739
Denver & Rio Grande West.	1,180,788	Canadian Nat. Lines in N. E.	102,099
Yazoo & Mississippi Valley	1,150,557	Illinois Terminal	101,672
N. Orl. Tex. & Mex. (3 rds.)	1,056,445		
Western Pacific	1,036,745	Total (74 roads)	$124,265,908
Central of New Jersey	945,518		
Minn. St. Paul & S. S. Marie	913,578		Decrease
Texas & Pacific	885,634	Grand Trunk Western	$427,190
Kansas City Southern	854,979	Virginian	170,258
Rich. Fredericksb'g & Pot.	798,172	New York Connecting	126,597
Del. Lack. & Western	795,306		
Wabash	702,534	Total (3 roads)	$724,045

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $7,990,379.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF MARCH

	Increase		Increase
Atchison Topeka & Santa Fe	$6,041,925	Kansas City Southern	$433,980
Southern Pacific (2 roads)	5,501,945	Lehigh Valley	392,158
Pennsylvania	2,952,388	Delaware Lack. & Western	372,711
Union Pacific	2,295,671	Spokane Portland & Seattle	351,967
Baltimore & Ohio	1,964,706	Wabash	345,761
Chicago Burlington & Quincy	1,858,588	Alabama Great Southern	339,040
New York New Hav & Hart.	1,704,497	Cinn. N. O. & Texas Pacific	280,285
Missouri Pacific	1,573,337	Texas & Pacific	274,317
Atlantic Coast Line	1,543,632	New Orleans & Northeastern	236,600
New York Central	*1,473,582	Minneapolis & St. Louis	228,117
Great Northern	1,459,922	Duluth Missabe & Iron Range	226,438
Southern	1,036,259	Colorado Southern (2 roads)	197,561
Illinois Central	1,083,103	Florida East Coast	168,131
Seaboard Air Line	1,081,181	Internat. Great Northern	155,067
New York Chic. & St. Louis	988,110	Chic. St. P. Minn. & Ohama	152,825
St. Louis Southwestern	883,682	Central of Georgia	145,981
Erie	856,952	Georgia	139,809
Yazoo & Mississippi Valley	822,247	Chicago Great Western	136,579
Chicago & North Western	816,387	Alton	133,961
Louisvillie & Nashville	807,672		
Boston & Maine	786,570	Total (58 roads)	$49,927,627
Chicago Rock Island & Pac.	743,861		
N. O. Tex. & Mex. (3 rds.)	702,192		Decrease
Denver & Rio Grande West.	660,454	Chesapeake & Ohio	$1,052,929
Northern Pacific	655,326	Grand Trunk Western	564,564
Delaware & Hudson	634,200	Bessemer & Lake Erie	304,484
Reading	586,869	Pere Marquette	286,971
Missouri-Kansas-Texas	560,282	Norfolk & Western	262,336
St. Louis-San Fran. (2 rds.)	555,126	Virginian	225,546
Richmond Fred. & Potomac	547,693	Elgin Joliet & Eastern	179,747
Chic. Milwaukee St. P & Pac.	538,289	Detroit Toledo & Ironton	169,852
Western Pacific	522,061	Chicago & Eastern Illinois	141,118
Minn. St. Paul & S. S. Marie	469,194		
Central of New Jersey	448,436	Total (9 roads)	$3,187,547

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $1,481,988.

The consolidation of the separate roads on a geographical basis into districts and regions indicates that all regions with the exception of the Pocahontas region recorded increases in both gross and net.

The Western District was first in gross with a gain of 42.85% and also led the net category with an even greater increase of 72.15% over March, 1941. The Eastern District and Southern District followed in that order in both gross and net.

The Central Western region showed the greatest percentage gain, 81.86%, while the Pocahontas showed the only decrease, 7.37%, both of these being in the net listing.

We now present our summary by districts and regions. As revealed in the footnote below the following table, our grouping conforms with the classification of the Interstate Commerce Commission:

SUMMARY BY GROUPS

District and Region Month of March	Gross Earnings 1942 $	 1941 $	 Incr. (+) or Decr. (—) $	 %
Eastern District—				
New England region (10 roads)	22,458,859	17,253,805	+ 5,205,054	+30.17
Great Lakes region (23 roads)	95,240,821	79,569,665	+ 15,671,156	+19.69
Central Eastern region (18 roads)	113,988,453	90,542,359	+ 23,446,094	+25.90
Total (51 roads)	231,688,133	187,365,829	+ 44,322,304	+23.66
Southern District—				
Southern region (26 roads)	77,397,785	58,681,859	+ 18,715,926	+31.89
Pocahontas region (4 roads)	28,433,847	27,524,555	+ 909,292	+ 3.30
Total (30 roads)	105,831,632	86,206,414	+ 19,625,218	+22.77
Western District—				
Northwestern region (15 roads)	53,055,452	39,421,012	+ 13,634,440	+34.59
Central Western region (16 roads)	105,176,503	71,908,095	+ 33,268,403	+46.27
Southwestern region (20 roads)	44,547,336	30,624,448	+ 13,922,888	+45.46
Total (51 roads)	202,779,291	141,953,555	+ 60,825,736	+42.85
Total all districts (132 roads)	540,299,056	415,525,798	+124,773,258	+30.03

District and Region Month of March	Mileage 1942	 1941	Net Earnings 1942 $	 1941 $	 Incr. (+) or Decr. (—) $	 %
Eastern District—						
New England region	6,644	6,694	8,288,703	5,779,791	+ 2,508,912	+43.41
Great Lakes region	26,023	26,065	30,252,173	26,044,795	+ 4,207,378	+16.15
Central East. region	24,269	24,485	32,701,084	27,332,517	+ 5,368,567	+19.64
Total	56,936	57,244	71,241,960	59,157,103	+12,084,857	+20.34
Southern District—						
Southern region	37,821	38,142	28,586,077	20,830,218	+ 7,755,859	+37.23
Pocahontas region	6,076	6,076	12,475,535	13,468,653	— 993,118	— 7.37
Total	43,897	44,218	41,061,612	34,298,871	+ 6,762,741	+19.72
Western District—						
Northwestern region	45,618	45,526	15,359,025	10,153,341	+ 5,205,684	+51.27
Central West. region	56,099	56,249	35,725,833	19,644,787	+16,081,046	+81.86
Southwestern region	29,025	29,060	16,816,070	9,645,722	+ 7,170,348	+74.34
Total	130,742	130,835	67,900,928	39,443,850	+28,457,078	+72.15
Total all districts	231,575	232,297	180,204,500	132,899,824	+47,304,676	+35.59

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The aggregate Western grain movement for March, 1942, exceeded the previous March's receipts by 9,623,000 bushels. Although minor decreases were shown in oats and barley, these were more than offset by increases of 4,859,000 and 5,517,000 bushels in wheat and corn respectively. The flour movement showed a slight decrease of 21,000 barrels.

In the following table we give the month of March and cumulative details of the Western grain movement in our usual form:

WESTERN FLOUR AND GRAIN RECEIPTS
Four Weeks Ended March 28

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	935	527	6,134	1,042	248	944
	1941	805	732	8,104	1,264	48	1,019
Minneapolis	1942	---	7,394	1,915	1,960	753	2,391
	1941	---	4,216	1,020	1,491	662	2,645
Duluth	1942	---	2,858	590	---	98	154
	1941	---	942	338	55	21	258
Milwaukee	1942	58	66	724	25	29	2,014
	1941	72	22	820	48	18	2,230
Toledo	1942	---	1,007	836	202	38	4
	1941	---	1,165	410	1,404	15	6
Indianapolis & Omaha	1942	---	924	4,131	774	39	---
	1941	---	788	2,769	506	8	19
St. Louis	1942	524	664	1,832	338	83	222
	1941	586	847	1,065	224	83	167
Peoria	1942	144	78	3,544	108	88	281
	1941	187	218	1,981	235	82	272
Kansas City	1942	64	3,186	2,604	218	---	---
	1941	96	2,681	792	92	---	---
St. Joseph	1942	---	236	383	148	---	---
	1941	---	175	117	132	---	---
Wichita	1942	---	664	---	---	---	---
	1941	---	849	---	---	---	---
Sioux City	1942	---	46	323	75	14	107
	1941	---	156	83	32	2	112
Total all	1942	1,725	17,650	23,016	4,890	1,390	6,117
	1941	1,746	12,791	17,499	5,483	939	6,728

WESTERN FLOUR AND GRAIN RECEIPTS
Three Months Ended March 28

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	2,928	1,971	24,136	4,261	989	3,542
	1941	2,505	2,359	21,426	2,988	110	3,374
Minneapolis	1942	---	24,082	6,598	8,262	3,335	10,727
	1941	---	9,560	2,407	4.112	1,464	8,671
Duluth	1942	---	7,817	2,140	56	660	1,044
	1941	---	2,619	539	198	75	512
Milwaukee	1942	217	131	2,729	85	314	6,652
	1941	224	95	2,364	105	134	4,995
Toledo	1942	---	1,804	2,977	859	39	46
	1941	---	1,893	1,075	1,824	20	19
Indianapolis & Omaha	1942	---	3,358	14,974	2,830	138	30
	1941	---	1,737	8,884	1,220	32	27
St. Louis	1942	1,835	2,737	6,478	886	503	682
	1941	1,890	2,978	2,570	732	121	422
Peoria	1942	503	421	11,894	422	275	855
	1941	609	723	7,007	472	262	885
Kansas City	1942	176	10,435	10,470	626	---	---
	1941	275	5,499	2,177	334	---	---
St. Joseph	1942	---	801	1,312	826	---	---
	1941	---	334	550	508	---	---
Wichita	1942	---	2,964	---	---	---	---
	1941	---	3,193	---	---	---	---
Sioux City	1942	---	306	1,355	255	52	448
	1941	---	356	392	116	11	360
Total all	1942	5,659	56,827	85,063	19,368	6,305	24,026
	1941	5,503	31,346	49,391	12,609	2,229	19,265

In the following we furnish a summary of the March comparisons of the gross and net earnings of the railroads of the country from the current year back to and including 1909:

Month of March	Gross Earnings Year Given	 Year Preceding	 Inc. (+) or Dec. (—)	 %	Mileage Year Given	 Year Preced'g
1909	$205,700,013	$183,509,935	+$22,190,078	+12.09	223,563	220,421
1910	238,725,772	205,838,332	+ 32,887,440	+15.98	230,263	226,965
1911	227,564,915	238,829,705	— 11,264,790	— 4.72	237,735	234,258
1912	237,564,332	224,608,654	+ 12,955,678	+ 5.77	238,218	234,692
1913	249,230,551	238,634,712	+ 10,595,839	+ 4.44	240,510	237,295
1914	250,174,257	249,514,091	+ 660,166	+ 0.26	245,200	243,184
1915	238,157,881	253,352,099	— 15,194,218	— 6.00	246,848	243,598
1916	296,830,406	238,098,843	+ 58,731,563	+24.67	247,363	246,548
1917	321,317,560	294,068,345	+ 27,249,215	+ 9,27	248,185	247,317
1918	362,761,238	312,276,881	+ 50,484,357	+16.17	230,336	228,835
1919	375,772,750	365,096,335	+ 10,676,415	+ 2.92	226,086	225,631
1920	408,582,467	347,090,277	+ 61,492,190	+17.72	213,434	212,770
1921	456,978,940	458,462,330	— 1,483,390	— 0.32	234,832	233,389
1922	473,433,886	457,374,460	+ 16,059,426	+ 3.51	234,986	234,202
1923	533,553,199	473,747,009	+ 59,806,190	+12.62	235,424	235,470
1924	504,016,114	534,644,454	— 30,628,340	— 5.73	235,715	236,520
1925	485,498,143	504,362,976	— 18,864,833	— 3.74	236,559	236,048
1926	528,905,183	485,236,559	+ 43,668,624	+ 9.00	236,774	236,500
1927	529,899,898	529,467,282	+ 432,616	+ 0.08	237,804	236,948
1928	504,233,099	530,643,758	— 26,410,659	— 4.98	239,649	238,729
1929	516,134,027	505,249,550	+ 10,884,477	+ 2.15	241,115	240,427
1930	452,024,463	516,620,259	— 64,595,796	—12.50	242,325	241,964
1931	375,588,844	452,261,696	— 76,672,852	—16.95	242,566	242,421
1932	289,633,741	375,617,147	— 85,983,406	—22.89	241,996	241,974
1933	219,857,606	288,880,547	— 69,022,941	—23.89	240,911	241,489
1934	292,775,785	217,773,265	+ 75,002,520	+34.44	239,228	241,194
1935	280,492,018	292,798,746	— 12,306,728	— 4.20	238,011	239,246
1936	307,833,663	280,484,056	+ 27,349,607	+ 9.75	237,054	238,226
1937	377,085,227	307,749,980	+ 69,335,247	+22.53	236,158	236,607
1938	282,571,467	376,997,755	— 94,426,288	—25.04	234,828	235,829
1939	314,460,087	282,514,278	+ 31,945,809	+11.31	233,659	234,761
1940	326,243,592	314,460,087	+ 11,783,505	+ 3.75	232,976	233,617
1941	415,525,798	326,366,143	+ 89,159,655	+27.31	232,300	233,020
1942	540,299,056	415,525,798	+124,773,258	+30.03	231,575	232,297

Month of March	Net Earnings Year Given	 Year Preceding	 Increase (+) or Decrease (—)	 %
1909	$69,613,713	$55,309,871	+$14,303,842	+25.86
1910	78,322,811	69,658,705	+ 8,664,106	+12.44
1911	69,209,357	78,357,486	— 9,048,129	—11.67
1912	69,038,987	68,190,493	+ 848,494	+ 1.24
1913	64,893,146	69,168,291	— 4,275,145	— 6.18
1914	67,993,951	64,889,423	+ 3,104,528	+ 4.78
1915	68,452,432	67,452,082	+ 1,000,350	+ 1.48
1916	97,771,590	68,392,963	+ 29,378,627	+42.96
1917	88,807,466	96,718,706	— 7,911,240	— 8.18
1918	82,561,336	87,309,806	— 4,748,470	— 5.44
1919	29,596,482	82,011,451	— 52,414,969	—63.91
1920	40,872,775	27,202,867	+ 13,669,908	+50.25
1921	58,538,958	39,882,642	+ 18,656,316	+46.78
1922	113,468,843	58,831,644	+ 54,637,199	+92.87
1923	117,117,122	113,697,798	+ 3,419,324	+ 3.01
1924	114,754,514	117,668,590	— 2,914,076	— 2.48
1925	109,230,086	114,677,751	— 5,447,665	— 4.75
1926	133,642,754	109,081,102	+ 24,561,652	+22.52
1927	135,691,649	134,064,291	+ 1,627,358	+ 1.21
1928	131,840,275	135,874,542	— 4,034,267	— 2.97
1929	139,639,086	132,122,686	+ 7,516,400	+ 5.69
1930	101,494,027	139,756,091	— 38,262,064	—27.38
1931	84,648,242	101,541,509	— 16,893,267	—16.64
1932	67,670,702	84,706,410	— 17,035,708	—20.11
1933	43,100,029	68,356,042	— 25,256,013	—36.95
1934	83,939,285	42,447,013	+ 41,492,272	+97.75
1935	67,659,321	83,942,886	— 16,283,565	—19.40
1936	71,711,908	68,205,090	+ 3,506,818	+ 5.14
1937	111,515,431	71,708,880	+ 39,806,551	+55.51
1938	54,102,703	111,501,626	— 57,398,923	—51.48
1939	74,688,342	54,100,286	+ 20,588,056	+38.06
1940	78,332,834	74,688,343	+ 3,644,491	+ 4.88
1941	132,899,823	78,414,722	+ 54,485,101	+69.48
1942	180,204,500	132,899,824	+ 47,304,676	+35.59

Lumber Movement—Week Ended May 16, 1942

Lumber production during the week ended May 16, 1942, was 0.5% less than the previous week, shipments were 2% less, new business, 10% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 16% above production; new orders 24% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 4% greater, and new business 4% greater. The industry stood at 132% of the average of production in the corresponding week of 1935-39 and 153% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 19 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 11% above the orders of the 1941 period. For the 19 weeks of 1942, new business was 28% above production, and shipments were 17% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 62% on May 16, 1942, compared with 40% a year ago. Unfilled orders were 27% greater than a year ago; gross stocks were 17% less.

Softwoods and Hardwoods

Record for the current week ended May 16, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	459	459	471
Production	248,673	256,599	249,892
Shipments	287,362	276,141	293,429
Orders	307,569	294,485	279,035

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	368		106	
Production	236,906—	100%	11,767—	100%
Shipments	272,277	115	15,085	128
Orders	296,042	125	11,527	98

Youths 18 To 20 To Register On June 30

President Roosevelt on May 22 fixed June 30 as the registration date for young men between 18 and 19 years old and for those who have become 20 years old since the first of the year. This will be the fifth registration under the amended Selective Service Act of 1940 and will thus complete the inventory of manpower provided for under existing law. The youths of 18 and 19 years, of which there are an estimated 3,000,000 throughout the country, are not subject to compulsory military service under present legislation, but the approximately 600,000 who are or will be 20 years old by June 30 are. It is reported, however, that Congress may soon be asked to lower the minimum age for draft service.

There were approximately 40,000,000 men between the ages of 20 and 65 registered in the four previous drafts, of which about 27,000,000 between 20 and 45 are subject to military service.

Bans Sight-Seeing Buses

The Office of Defense Transportation on May 20 banned all sightseeing bus services and restricted the chartering of buses to such essential operations as transportation of the armed forces, war workers and school children. It was estimated that the ban, effective June 1, will result in an annual saving of over 100,000 pounds of crude rubber. ODT Director Joseph B. Eastman pointed out that such a saving would represent a real contribution to the war effort.

Items About Banks, Trust Companies

At a meeting of the Advertising Association of Group V, the Savings Banks of Brooklyn, Queens, Long Island and Staten Island, Alex. E. Leighton of the Williamsburgh Savings Bank, was reelected Chairman, and Ervin M. Burrow, Secretary of the Association. Both were unanimously reelected and will be serving the Association for the seventh year in their respective capacities.

The Dollar Savings Bank, N. Y. (the Bronx), announces the election of the following new officers: Gerald C. Miller as Assistant Treasurer, Edmund T. Wolf Jr. as an Assistant Secretary, Charles R. Sitler, Jr. as an Assistant Secretary, Lloyd F. Dempsey as an Assistant Secretary and Lester J. Ferguson as Auditor.

The Brooklyn Trust Co., Brooklyn, N. Y., announced on May 18 that its Parkside office, located at Flatbush and Parkside Avenues, Brooklyn, will be discontinued at the close of business Sept. 26, and its accounts transferred to the Flatbush office of the company, at Church and Ocean Avenues, a few blocks away. The Parkside office originally opened on July 30, 1930, at 562 Flatbush Avenue, and some years later was moved to its present location.

William D. Ireland, Vice President of the National Rockland Bank of Boston since 1933, on May 19 was elected President of the Worcester County Trust Co., Worcester, Mass., to succeed George Avery White. Mr. Ireland will assume his new duties Aug. 24, the date on which Mr. White takes office as President of the State Mutual Life Assurance Co.

E. O. Long has been elected President of the North Side Deposit Bank of Pittsburgh. Mr. Long, who is Secretary of the D. L. Clark Co., was formerly Vice-President of the bank and has served as a Director since the bank's organization in 1934. Raymond G. Geltz, Treasurer of the institution, has also been made Vice-President.

Edwin N. Van Horne has resigned as Executive Vice-President and Director of the American National Bank and Trust Co. of Chicago in order to become President of the Federal Land Bank of Omaha, Omaha, Neb. Mr. Van Horne has been associated with the American National Bank since 1937 and had previously served as President of the Continental National Bank, Lincoln. Neb. According to the financial column (by Nancy McInerny) of the Chicago "Journal of Commerce" of May 22, from which the foregoing is learned, Mr. Van Horne is a member of the Agricultural Council of the Chicago Association of Commerce, and has been active in the affairs of the American Bankers Association, having served as a member of the Executive Council, and the Commerce and Marine Commission.

The Board of Governors of the Federal Reserve System announces that the following banks were recently admitted to membership in the System: American Bank and Trust Co., Miami, Fla.; Bank of Oakfield, Oakfield, Wis.; State Bank of Northfield, Northfield, Minn.; Austin State Bank, Austin, Minn.; Peoples Bank, Lakewood Village, Cal.; State Bank of Virginia, Virginia, Minn., and the Farmers State Bank of Englewood, Englewood, Ohio.

E. L. Blaine, Jr., Vice-President of the Peoples National Bank of Seattle, Wash., was chosen Vice-President of the National Association of Credit Men representing the Western Division at the 47th annual credit congress held in Cincinnati during the week of May 10. He succeeds R. W. Watson, Vice-President of the Bank of America, Los Angeles, who held the post during the past year.

A native of Seattle and a graduate of the University of Washington, Mr. Blaine has been active in the business and banking world since his graduation in 1922, serving as Credit Manager in Spokane for the B. F. Goodrich Co. until 1924, and then as Credit Manager of the National City Bank of Seattle until 1928, and the National Bank of Commerce in Seattle in 1929. For four years after 1929 he was Cashier of the Peoples First Avenue Bank of Seattle and then Executive Vice-President of the First National Bank of Renton during 1933-35. He has been Vice-President of the Peoples National Bank since that time.

Mr. Blaine has also served in other activities — as member of the Board and later President of the Seattle Chapter of the American Institute of Banking, which he also served as member of the Faculty for eight years; as member of the Board and later Vice-President and President of the Seattle Association of Credit Men; as member of the Northwest Council of Credit Men, etc. In the National Association of Credit Men, Mr. Blaine has long been active; he completed a three-year term in May, 1942, as a National Director, representing District, No. 10, which includes the States of California, Nevada, Oregon, and Washington.

OPA Clarifies Data Requested From Corps.

Studies of corporation financial reports being conducted by the Office of Price Administration, as announced May 2, apply only to a selected list of corporations with assets in excess of $250,000 in the manufacturing, mining, construction and wholesale fields, H. F. Taggart, director of the OPA accounting division, said on May 25. In indicating this, the OPA further said:

> The announcement was made to clear up confusion which exists, particularly among retailers, as to whether they are required to make reports based on balance sheet and income account data. Retailers are required under the General Maximum Price Regulation to file March prices before July 1 with the OPA but these reports have nothing to do with the balance sheet and income account studies being conducted by the accounting division.
>
> The latter studies cover a limited group of 25,000 corporations in the catagories listed above. Only those firms receiving the questionnaire — Form A, Annual Financial Report, and Form B, the Interim Financial Report—are required to supply data.
>
> Retail businesses have not been asked to file except in a few cases where corporations combine wholesale and retail activities.
>
> Publishing firms are exempted but commercial printing, however, is subject to the Emergency Price Control Act and firms engaged in commercial printing, if requested to do so, are required to file the financial reports.

Plans for the financial reporting program were disclosed in these columns of May 14, page 1871.

Treasury Offers 1½% Notes Of 1946 To Holders Of Maturing HOLC And RFC Issues

Secretary of the Treasury Morgenthau on May 25 offered up to $1,151,000,000 of 1½% Treasury Notes of Series B-1946 in exchange for the outstanding Series G 1942-44 2¼% bonds of the Home Owners' Loan Corporation, called for redemption on July 1, and the Series S 1% notes of the Reconstruction Finance Corporation, maturing July 1, 1942. Holders of these securities were given the opportunity to exchange themfor notes on a par for par basis, with an adjustment of accrued interest to June 5, 1942. The new Treasury notes are dated June 5, 1942, and will bear interest from that date at the rate of 1½% per annum, payable on a semi-annual basis, but will not be subject to call for redemption prior to maturity. The HOLC bonds are outstanding in amount of $875,438,625 and the RFC notes in amount of $275,868,000.

The subscription books for the current exchange offering were closed at the close of business on May 26, except for the receipt of subscriptions from holders of $25,000 or less of the HOLC bonds. In the latter case, the books were closed on May 27.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the new notes will not have any exemption, as such, under Federal tax laws now or hereafter enacted.

The Treasury's official circular describing the new notes follows:

UNITED STATES OF AMERICA
1½% Treasury Notes of Series B-1946
Dated and bearing interest from June 5, 1942
Due Dec. 15, 1946
Interest payable June 15 and Dec. 15

1942 Department Circular No. 686

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary,
Washington, May 25, 1942

I. Offering of Notes

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1½% Treasury Notes of Series B-1946, in payment of which only Home Owners' Loan Corporation 2¼% bonds, Series G 1942-44, called for redemption on July 1, 1942, or Reconstruction Finance Corporation 1% notes of Series S, maturing July 1, 1942, may be tendered. The amount of the offering under this circular will be limited to the amount of such Series G bonds and Series S notes tendered and accepted.

II. Description of Notes

1. The notes will be dated June 5, 1942, and will bear interest from that date at the rate of 1½% per annum, payable on a semiannual basis on Dec. 15, 1942, and thereafter on June 15 and Dec. 15 in each year until the principal amount becomes payable. They will mature Dec. 15, 1946, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

5. Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000. The notes will not be issued in registered form.

6. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. Subscription and allotment

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for notes allotted hereunder must be made on or before June 5, 1942, or on later allotment, and may be made only in Home Owners' Loan Corporation bonds of Series G 1942-44, called for redemption on July 1, 1942, or in Reconstruction Finance Corporation notes of Series S, maturing July 1, 1942, which will be accepted at par, and should accompany the subscription. Coupons dated July 1, 1942, must be attached to bearer securities of either issue when surrendered, and accrued interest from Jan. 1, 1942, to June 5, 1942 ($9.63398 per $1,000 in the case of Series G bonds and $4.28177 per $1,000 in the case of Series S notes) will be paid following acceptance of the securities. In the case of the Series G registered bonds, checks in payment of accrued interest will be drawn in accordance with the assignments on the bonds surrendered.

V. Surrender of Called Bonds

1. Coupon bonds.—Home Owners' Loan Corporation bonds of Series G 1942-44 in coupon form tendered hereunder should be presented and surrendered with the subscription to a Federal Reserve Bank or Branch or to the Treasurer of the United States, Washington, D. C. Coupons dated July 1, 1942, and all coupons bearing subsequent dates should be attached to such bonds when surrendered, and if any such coupons are missing, the subscription must be accompanied by cash payment equal to the face amount of the missing coupons. The bonds must be delivered at the expense and risk of the holder. Facilities for transportation of bonds by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements when available, utilizing such incorporated banks and trust companies as their agents.

2. Registered bonds. — Home Owners' Loan Corporation bonds of Series G 1942-44 in registered form tendered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Notes of Series B-1946 to be delivered to

", and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or Branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. The bonds must be delivered at the expense and risk of the holder.

VI. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

April Living Costs Up In Industrial Cities

Living costs for wage earners and low-salaried clerical workers increased from March to April in 66 of the 67 industrial cities surveyed each month by the Conference Board, New York. The largest increase was 2.5% in Baltimore, Md., the smallest, 0.2% in Front Royal, Va. One city, New Haven, remained unchanged. In the United States as a whole, the cost of living rose 1%. The Board also says:

> The cost of living was higher this April than in April, 1941, in all the cities for which comparable figures are available. The largest increase was 17.6% in Joliet, Ill, the smallest, 9.1%, in Newark. In the United States as a whole the cost of living rose 11.7% from April, 1941, to April, 1942.

Payment On Danish Bonds

Henrik Kauffmann, Danish Minister in Washington, issued the following statement on May 25 for the information of holders of Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942; 30-year 5½% external loan gold bonds, due Aug. 1, 1955; and 34-year 4½% external loan gold bonds, due April 15, 1962; City of Copenhagen 25-year 5% gold bonds, due June 1, 1952; and 25-year 4½% gold bonds, due May 1, 1953; Danish Consolidated Municipal Loan 30-year 5½% external sinking fund gold bonds, due Nov. 1, 1955; and 25-year 5% external gold bonds, due Feb. 1, 1953; Mortgage Bank of the Kingdom of Denmark 45-year 5% sinking fund external gold bonds, series IX, of 1927, due Dec. 1, 1972:

> For the purpose of paying June 1, 1942, coupons of City of Copenhagen 25-year 5% gold bonds, due June 1, 1952, and June 1, 1942, coupons of Mortgage Bank of the Kingdom of Denmark 45-year 5% sinking fund external gold bonds, series IX, of 1927, due Dec. 1, 1972, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.
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> June 1, 1942, coupon payments will be subject to such licenses as may be granted to paying-agents by the United States Treasury.